JDE PEET'S N.V.

ANNUAL REPORT 2023

JDE PEET'S AT A GLANCE

JDE Peet's, whose origins date back to 1753, is the world's leading pure-play coffee & tea company. We provide customers and consumers with coffee & tea in 100+ markets through a portfolio of over 50 brands, including L'OR, Peet's, Jacobs, Senseo, Tassimo, Douwe Egberts, OldTown, Super, Pickwick and Moccona.

OUR PURPOSE

Unleash the possibilities of coffee & tea to create a better future

OUR BUSINESS

We are a global business with a supply chain reaching over 100+ markets. To truly understand the needs of our customers and consumers, we work at regional and local levels to surpass their evolving expectations. Our business is organised across four commercial segments, taking into account coffee & tea cultures across different geographies.

1 SEC

Every second **4,100** cups of coffee & tea are served by JDE Peet's

83.8% responsibly sourced coffee[1]

Sales by segment (EUR mm)

Present in **100+** markets

Number 1 or 2 position in **39** markets

These markets generated **73%** of total sales

41.3% women in leadership positions

21,196 employees

101 nationalities

24 countries

42 facilities

63 active projects with smallholder farmers

[1] Responsibly sourced green coffee covered by a sustainability scheme recognised by the coffee industry, such as GCP Equivalence Mechanism, including, Enveritas, Rainforest Alliance, 4C, Fairtrade, etc. As used in this Annual Report, a product or material which is "responsibly sourced" means that such product or material satisfies the applicable definition contained in the section Basis of preparation of the Annual Report.

€ 8.2bn
Total sales

3.9%
Organic sales growth

€ 6.6bn
In-Home

€ 1.6bn
Away-from-Home

SALES AND ADJUSTED EBIT SPLIT BY SEGMENT

Segment	Sales (EUR mm)	Organic change	Adj EBIT (EUR mm)	Organic change
Europe	4,719	4.0 %	1,006	8.6 %
LARMEA	1,498	4.7 %	147	(21.1)%
Peet's	1,153	3.9 %	141	(1.0)%
APAC	791	2.1 %	135	15.2 %

128.1bn
Cups served

THE THREE PILLARS OF OUR STRATEGY

Serve more cups
through a relentless focus on attracting customers

Master execution
which fuels our growth from quality and discipline in everything we do

Grow together
by championing an inclusive ecosystem

Our strategy (page 30)

SELECTED SDGs

We are proud to embrace the UN Sustainable Development Goals (SDGs). We operate in and source materials from many markets, and we are committed to their socio-economic development. Our focus on the impact we make along the entire value chain has led us to concentrate on the SDGs as disclosed as part of the double materiality table.

Common Grounds

Our sustainability programme is focused on three pillars:

Common Grounds (page 42)

Responsible Sourcing
Fostering thriving agricultural supply chains

Minimising Footprint
Reducing our environmental impact step-by-step

Connecting People
Engaging our employees and our communities

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Disclaimer — This copy of the annual report of JDE Peet’s N.V. for the year 2023 is not in the ESEF-format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815). The ESEF reporting package is available at www.jdepeets.com

INTRODUCTION

2023 KEY HIGHLIGHTS

Q1

- Fitch Ratings upgraded JDE Peet's credit rating from “BBB-” to “BBB” with a stable outlook. The upgrade underscores our operating strength, strong financial structure, and financial discipline.
- JDE Peet's launched Ginger Goodness tea, a powerful blend that responds to the growing demand from consumers for healthy ingredients. The premium herbal segment is currently the fastest growing tea segment.
- We substantially increased our sustainability ambitions, defining a roadmap of initiatives that will enable us to set new and stronger SBTi commitments to net-zero, and build an integrated carbon accounting platform to track and accelerate the delivery of our ESG objectives.
- JDE Peet's announced the planned launch of a fully compostable capsule, which will help contribute to a circular economy. This new-to-the-world technology enables a high-quality, in-cup experience that was not possible in existing compostable alternatives.
- We launched a Senseo sustainability campaign in the Netherlands and France. And alongside Senseo’s compostable pads and recycling-ready packaging, we launched the Senseo original Plus Eco machine, which uses 80% or more recycled plastics and aims to create a coffee with a low environmental impact.

Q2

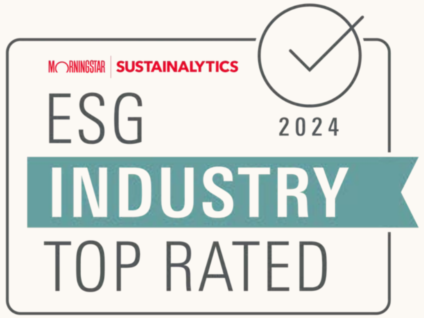
- JDE Peet’s announced its intention to combine its Out-of-Home and CPG Europe segments into one European segment. This organisational change enables our European markets to apply a true omni-channel approach, a model that we successfully apply in all of our geographies. Additionally, it allows us to more effectively leverage our brands and reduce complexity.
- JDE Peet’s saw its ESG rating raised significantly to “Prime Status” by ESG rating agency ISS, which moves us up to the top decile in our industry group, comprising 228 companies.
- In Thailand, our SUPER brand extended its Pure range with the launch of SUPER Espresso, as it responded to the growing demand in Asia for healthier options. Across Asia, SUPER is progressively reducing sugar and fat content in its Instant Mixes products without compromising on taste – in line with our Healthy Indulgence programme.
- In the Netherlands, we introduced the Finest Selection Loose Leaf Tea, responding to consumers, particularly from younger generations, who seek rich and delicate sensory experiences and quality loose leaf tea.
- In Spain, we proudly introduced our new L’OR Masterbrand Awaken your senses campaign, which brings to life our purpose “to unleash pleasure”. The campaign is directed by the famous French photo- and cinematographer Bruno Aveillan. By the end of 2023, the campaign had been launched in more than 15 markets.
- We continued our L’OR premium brand building by launching a new L’OR Limited Creation Arabica Bourbon, offering consumers a unique taste sensation for a limited time only. We also expanded our L’OR brand by offering a new decaf variation with Colombian origins, and a new large-size format from our best-selling products.
- In June, one of our plants took an important step forward in our Minimising Footprint journey, by leveraging waste heat from our roasters to provide heating and hot water for sanitation.

Q3

- JDE Peet's accelerated its sustainability agenda with the introduction of a breakthrough, recyclable paper pack for soluble coffee, the first of its kind in the coffee market. The coffee from the new paper pack will have the lowest carbon footprint from across our current product range.
- JDE Peet's announced the intended acquisition of Maratá's coffee & tea business in Brazil, the largest coffee market in the world in terms of cups consumed. The planned acquisition will expand our emerging markets presence, complement our existing portfolio of brands predominantly sold in the southern regions of Brazil, and increase our scale and national coverage in the country. The acquisition was successfully completed in January 2024.
- S&P CSA, a leading ESG ratings provider, upgraded JDE Peet's ESG rating to the top fourth percentile within the food subindustry.
- The Board of Directors approved the cancellation of 15.3 million treasury shares. This process was completed in July 2023, which reduced the number of issued shares.
- As part of Peet's long-standing commitment to giving back to coffee-growing communities, we inaugurated interest-free small business loans for female coffee growers in Colombia and provided financial support to Grounds for Health, an organisation working to prevent cervical cancer in coffee communities.
- In 2023, we introduced the L'OR Barista capsules system in 2 new markets, bringing the total to 15 markets worldwide. We also introduced the exclusive L'OR Barista Model: L'OR Champagne.
- Senseo introduced updated recipes to its milk range, realising a step up in quality and nutrition in response to the growing demand for cappuccino.
- During the year, we hit over 100 shipments per week sent through more environmental friendly intermodal truck/train) transport lanes.

Q4

- Our ESG rating was upgraded to the top second percentile within the Packaged Foods subindustry by Morningstar Sustainalytics, a leading ESG ratings provider. We improved our scores in 8 out of 11 assessment categories that Sustainalytics applies, with the biggest improvements occurring in Carbon – Own Operations, Resource Use and Human Capital.



- In November, USA Today, one of the leading daily newspapers in the United States, voted Peet's 'Best Coffee Chain' across the United States.
- In China, Peet's grew its coffee bars from 125 stores to more than 200. By year end, Peet's partnership with Americana restaurants saw the opening of 18 Peet's coffee bars across the Gulf Cooperation Council Region (GCC).
- Instant coffee remains critical to our business, and we added affordable refills to Jacobs' portfolio, addressing the inflationary environment and unlocking more sustainable solutions in pure. In addition, we introduced the L'OR decorative jar to attract new consumers, drive re-use, and up-cycle consumer behaviour.
- In November, we issued bonds with an aggregate principal of EUR 1 billion. The bonds have investment-grade terms and were listed on the Luxembourg Stock Exchange.
- Within its mixes segment, Moccona launched a low-sugar option in Thailand, strengthening the presence of Moccona Trio on-shelf and satisfying health and wellness demands.

INTRODUCTION TO THE ANNUAL REPORT

Dear Reader,

As the largest pure-play coffee & tea company, JDE Peet's is proud to serve consumers with more than 350 millions of cups every day around the world. Although confronted with unprecedented inflation over the last two years, consumers continue to remind us of the importance of these cups in their daily routine, either in-home or away-from-home. We take great responsibility to maintain the high-quality standards that consumers expect from us, while responding to their evolving needs.

Fabien Simon

Olivier Goudet

Looking back on 2023, we successfully navigated another dynamic environment and further progressed our transformation to become a more global, a more digital, and a more sustainable enterprise.

Although facing adverse currency effects, we increased our sales and adjusted EBIT organically in 2023, and we further reduced our absolute net debt.

However, 2023 was not just about financial performance. We reorganised our European segment to become omnichannel, we announced two acquisitions in the US and in Brazil, and we transitioned towards a portfolio of local brands in Russia. As we continued to innovate and execute with discipline, we gained market share globally in the most attractive coffee segments and we expanded our competitive play in coffee appliances with L'OR Barista. We also continued to invest in our talent and our portfolio. In parallel, we significantly reduced our greenhouse gas emissions, while leading a global effort to fight coffee-related deforestation.

Throughout the year, our people and partners across the globe worked tirelessly to pursue our company's purpose to unleash the possibilities of our category and the power of our brands. It was their ongoing efforts and passion that enabled us to deliver a more competitive and accelerating performance.

FINANCIAL PERFORMANCE

In 2023, we delivered well against the commitments we set at the start of the year, while operating in a macro environment that is becoming increasingly complex and in a category that was still adjusting globally following the pandemic.

During the year, we relentlessly stayed the course on our value creation agenda, centred around profitable and sustainable revenue growth. We continued to simplify and premiumise our portfolio, we optimised our footprint and cost-base, and we focused on consumer-led revenue management without compromising on the quality of our products and fundamentals. Supported by our unique set of iconic brands and a product portfolio which is over-indexed to the fastest growing categories, we gained market share globally in the premium coffee categories of single-serve, instant and beans.

Against this backdrop, we delivered a mid-single-digit increase in organic top-line growth and also increased our adjusted gross profit and adjusted EBIT organically, while continuing to invest in our strategic growth opportunities, including the US, China, e-commerce, our machine park and sustainability. Our financial performance accelerated as the year progressed, marked by an increase in organic top-line and adjusted EBIT growth that brought our financial performance in the second half back in line with our long-term profitability algorithm, when excluding the performance of Russia.

INNOVATION

The relevance and on-trend opportunity of the coffee category continues to be evident. At JDE Peet's, our innovation agenda is key to realising the long term runway for growth. This agenda is focused on serving more consumers by accelerating penetration in developing coffee markets, serving more cups by expanding consumption occasions, and serving better cups by premiumising across brands and categories.

Identifying compelling growth trends and drivers is key to develop initiatives that excite our consumers and customers around the world. These initiatives are fuelled through the platforms of sustainability, authenticity and variety. In addition, in 2023 our launch programmes have been influenced and informed by the inflationary environment in which we live.

Through the year, we have taken a leading position in sustainable innovation. For example, launching a breakthrough paper pack for soluble coffee, the first of its kind in the market. A pack that is designed to create a more sustainable ecosystem in the soluble coffee market by incentivising the reuse of existing glass jars and tin formats. Moreover, the coffee from this new paper pack will generate the lowest carbon footprint within the existing range of JDE Peet's products. In addition, Senseo, which still holds the largest single serve park in Europe and has the lowest environmental footprint of any singe serve appliance, has brought to market the new Original Plus Eco brewer which is made of 80% recycled plastics.

We continued to unlock quality and craftsmanship for more elevated, authentic coffee experiences. Our evolving instant specialty ranges continue to bring exciting café experiences at home with new launches such as Plant Based and Ice & Cold. We have invested in our Jacobs brand and evolved the flagship, Krönung ground, to 100% arabica. In tea, Pickwick has introduced Finest Selections in key markets, a coarsely cut high-quality loose-leaf tea range. Peet's launched flavours varieties and holidays blends.

Variety of choice remains a key growth driver for our portioned espresso capsules business. We have welcomed new brands to the portfolio such as Tim Hortons and Maxwell House. We have continued to expand our L'OR coffee portfolio with new premium propositions such as Arabica Bourbon Limited Creations and our Flavours range, consisting of Chocolate, Caramel and Vanilla. We have enriched the range of our L'OR Barista brewer range with the launch of a new premium limited edition.

In a more challenging economic environment, our consumers around the world are making daily choices. To make these decisions easier, we have been intentional in rolling out value for money pack sizes across our most beloved brands: L'OR, Jacobs and Senseo.

In 2023, we have continued to fuel our future innovation agenda through the successful development and securing of patents to drive ongoing technological superiority.

PEOPLE

At JDE Peet's, we look for people who care about coffee & tea as much as we do. We know that our success depends upon engaged employees, with higher engagement leading to greater productivity, commitment and loyalty. In 2023, we carried out a company-wide engagement survey, with 85% of our employees taking part. We were delighted that 77% of our employees scored a 4 or 5 (on a 5-point scale) in the engagement survey questions, a two percentage point increase on 2022, which, at that point, was our highest-ever score.

We increased the percentage of women in leadership positions and, separately, introduced a global DE&I Policy, expanding on our existing Board Diversity Policy, which underscores our ongoing commitment to our employees. The local activation of our global DE&I strategy is driven by more than 270 DE&I champions and employee resource group members globally, and in 2023 this number grew by more than 25 from a year earlier.

To reinforce our commitment to contribute to the United Nations Sustainable Development Goal on Gender Equality, in 2023 we proudly joined the UN Women's Empowerment Principles. This will help us accelerate the progress we have made in recent years to ensure that employees from all genders feel equally empowered to thrive at the company.

SUSTAINABILITY

Sustainability is a long-term journey where every step counts and in 2023 we continued to make strong progress through our Common Grounds programme, which embodies our ambition to positively impact people, our planet, and the future of coffee & tea. This included reducing greenhouse gas emissions along the value chain in line with our SBTi commitment, to multiple initiatives aimed at reducing energy, water and packaging waste.

For example, we reduced our Scope 1 & 2 emissions by 21% and our Scope 3 emissions by 9% versus base year 2020. We also made strong progress on our commitment towards 100% responsibly sourced green coffee by 2025, reaching 84% (2022: 77%), including 98% responsibly sourced into Europe. And by year-end, we had a portfolio of 63 active projects, through which we have reached more than 108,000 new smallholder farmers, bringing the total number of smallholder farmers we have reached since the inception of Common Grounds to 700,900.

We also substantially increased our sustainability ambitions during the year, defining a comprehensive strategic plan to set new and stronger SBTi commitments to net-zero, and build an integrated carbon accounting platform to track and accelerate the delivery of our ESG objectives.

The efforts we are making in this area were again recognised externally, with our ESG rating upgraded to the top-second percentile globally within the Packaged Foods subindustry by Morningstar Sustainalytics, a leading ESG ratings provider. We were also recognised as a leader in sustainability through our inclusion in the prestigious Dow Jones Sustainability Europe Index, which recognises the most sustainable companies in Europe. We were one of only four European food companies included in the index, and the only coffee & tea company.

OUTLOOK

While we expect the environment in which we operate to remain complex and to continue to pose challenges, we have entered 2024 with both momentum and optimism as we believe the progress we have made over the last three years positions us well to deliver on our medium-term algorithm. By building on our strengths and acting decisively amidst uncertainty, we aim to create lasting value for all of our stakeholders. The future is bright, and we are confident in our strategic direction.

THANK YOU

Thanks to the unwavering support of our valued stakeholders, 2023 was yet another solid year for our company. We would like to begin by thanking our dedicated people, who work with passion to deliver exceptional products to customers near and far. To our loyal consumers and coffee & tea aficionados, whether brewing our products at home or enjoying them on the go, we thank you for choosing us time and again. Your patronage motivates us daily. To the millions of smallholder farmers worldwide who supply our high-quality coffee beans and tea leaves, and to our suppliers who ensure timely delivery, we could not do what we do without you. Thank you for being an integral part of our supply chain. To the NGOs and government agencies who collaborate with us to support smallholder farmers and promote environmental stewardship, we value our shared mission. To our industry partners and trade organisations globally, thank you for working alongside us to advance the coffee & tea categories we are so passionate about. And finally, to our shareholders – your ongoing interest and investment empowers our growth and ability to keep delivering sustained value in this resilient and attractive market.

We are profoundly grateful to all who contributed to JDE Peet's in 2023, and look forward to continued shared success.

Sincerely,

Olivier Goudet
Chairman of the Board

Fabien Simon
Chief Executive Officer

BRAND HIGHLIGHT

STIMULATING PROSPERITY SINCE 1895

#1
in 22 out of 42 markets

€2B+
retail sales value worldwide

Coffee drinkers have delighted in the JACOBS brand and its wonderful aroma for more than 125 years. During that time, we have been powered by the original mission of our founder Johann Jacobs: to deliver only the most impeccable coffee at reasonable prices for all.

Today, JACOBS is the trusted coffee companion for millions of consumers around the world, which has earned us a leading position in 42 markets. With innovative products in ground, whole beans, instant, mixes and pods, JACOBS truly offers a coffee for every cup.

But understanding that leadership entails responsibility, and in 2023 we took significant steps towards elevating JACOBS' role in championing the ESG agenda for JDE Peet's and the coffee industry as a whole. Each and every one of our products will now be supported by our Responsible Sourcing programme, where we work towards 100% responsibly sourced green coffee by 2025. In 2024, we will complete our journey to future-proof our mixes portfolio, to adhere to our Health & Indulgence programme that aims to significantly reduce sugar, salt, fat and packaging, and make progress towards our full range becoming fully recyclable, in line with our company-wide commitments.

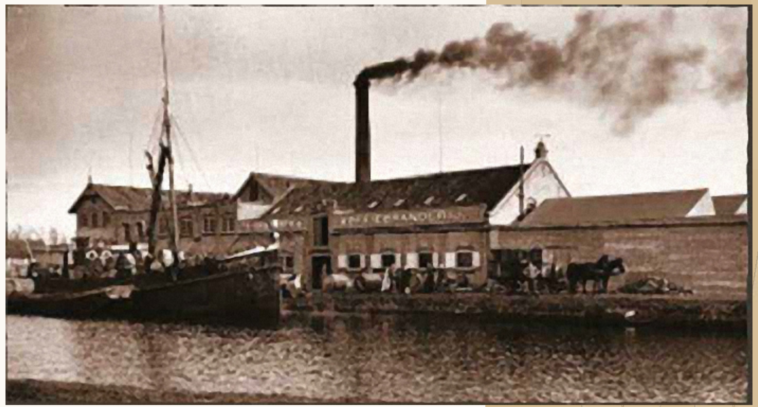
JACOBS. Find your wonderful.
Find your wunderbar.

Back to brands overview

WHO WE ARE

OVER 270 YEARS OF EXPERIENCE

For more than 270 years, we have been inspired by the belief that it's amazing what can happen over a cup of coffee or tea. Egbert Douwes founded his first coffee outlet in 1753 in Joure, the Netherlands. Over a century later, in 1895, Johan Jacobs opened his first grocery business in Bremen, Germany. And then in 1966, Peet's Coffee® was founded in Berkeley, California by Alfred Peet, with rich, complex, superior quality roasts unlike anything ever tasted before. Today, we are the world's leading pure-play coffee & tea company, providing customers and consumers with coffee & tea in more than 100 markets through a portfolio of over 50 brands, including L'OR, Peet's, Jacobs, Senseo, Tassimo, Douwe Egberts, OldTown, Super, Pickwick and Moccona.



OUR PURPOSE

WE ARE POWERED BY OUR PURPOSE

Unleash the possibilities of coffee & tea to create a better future

OUR VALUES

DISCIPLINE

We stay focused on what matters and build our mastery when we do the right things in the right way

SIMPLICITY

We choose the most straightforward paths to achieve our desired outcomes

ACCOUNTABILITY

We take responsibility for our actions and ownership of our results

SOLIDARITY

Together we make a bigger difference, building trust and unity around shared interests

ENTREPRENEURSHIP

Ensures we win the freedom to create and pursue more opportunities by staying agile, moving fast and resisting unnecessary bureaucracy

OUR CULTURE

OUR BEHAVIOURS ARE VALUE-BASED AND SHAPE OUR CULTURE

Our company's values shape our culture and are the guiding principles that drive our business, impacting the employee experience and our relationships with customers and other stakeholders. Setting us apart in the industry, we proudly champion coffee democracy, offering a coffee or tea for every cup.

Embracing an entrepreneurial mindset, we are role models for our values and hold ourselves and others accountable to the highest standards, while actively seeking an outside-in perspective. Our progressive outlook and ambitious nature drive us to challenge the status quo, maintaining simplicity and a can-do mentality.

Our culture is diverse, equitable, and inclusive, ensuring that all champions can thrive, regardless of their background or unique differences. In this high-performance culture, our champions are highly engaged. We believe in growth in a compliant and sustainable manner, because growth is not only for today, it is also for future generations.

OUR BRANDS

Wherever you are in the world, you can enjoy one of our brands. Our unique portfolio of brands is built upon a rich history and is deeply rooted in the local heritage of the coffee & tea culture in which we operate.

Our brand portfolio allows us to offer coffee & tea to everyone, no matter who they are, where they are, or what their preferences are, by covering different price points, taste preferences and drinking occasions.

Our brands bring people together, creating moments of connection and enjoyment, and providing energy and sensory experiences. They give people the freedom to express their individuality and the power to transform themselves because we know amazing things can happen over a cup of coffee or tea.

We use a distinctive brand-building model to develop meaning and communications for our brands, so that they meet the needs of our consumers.

ORIGIN OF A SELECTION OF OUR BRANDS

Our global brands *are large players operating in multiple markets, with one meaning and one global execution.*

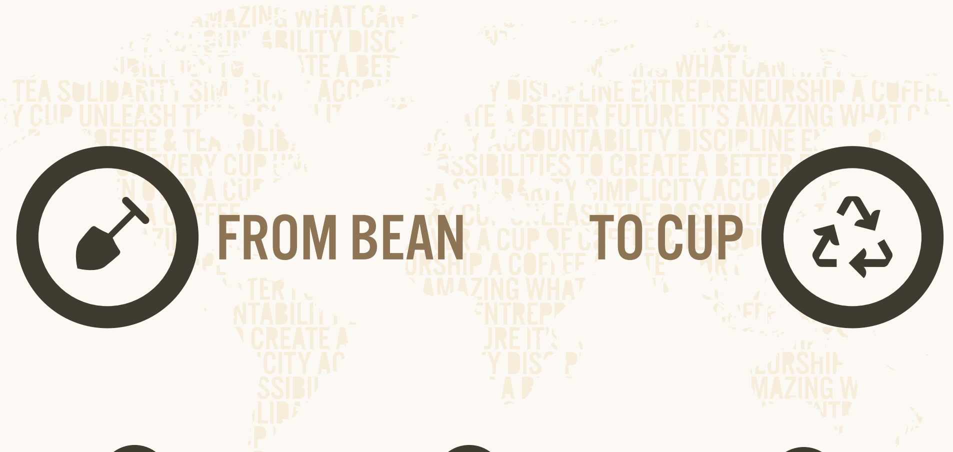
Our regional heroes *have an international footprint with local nuances. These local nuances are based on cultural drinking habits, the stage of category development, and brand heritage.*

Our local jewels *are iconic in their local market. These brands leverage local culture and heritage, and are of true significance in their home country.*

OUR SUSTAINABLE SUPPLY CHAIN

We source approximately 8% of the world's coffee and less than 1% of the world's tea, supplied to our manufacturing facilities for high-volume, flexible production, new coffee & tea products, and technology launches. We operate local manufacturing facilities that respond rapidly to local consumer preferences and tastes.

As a global business, we rely on an extensive supply chain. The majority of our direct material supplier base, other than coffee & tea, are concentrated in packaging materials. Marketing and media make up the majority of our total spend on indirect materials and services. No significant changes were made to our supply chain in 2023.



OUR SUSTAINABLE VALUE CHAIN

AGRICULTURE

We source coffee, tea and other agricultural products from more than 30 countries. Coffee & tea are grown in countries that face significant socio-economic and environmental challenges. Countries such as Indonesia, Ethiopia and Uganda have the greatest concentration of smallholder coffee farmers, many of whom we reach through our Responsible Sourcing pillar, under Common Grounds.

Common Grounds (page 42)

SUPPLIERS

We work with more than 1,000 direct material suppliers across more than 60 countries. They are critical to sustaining our business, and some play an important role in helping us achieve our sustainability goals.

PRODUCTION

We manufacture our coffee & tea products primarily at 42 manufacturing facilities in 24 countries, ensuring consistently high product quality while carefully managing the use of resources.

Minimising Footprint (page 68)

PACKAGING

The packaging of our products is critical to the great taste and freshness we offer our consumers. However, we recognise that packaging becomes waste and that its lifecycle must be managed to limit the environmental impact and promote circularity.

Sustainable Packaging (page 75)

DISTRIBUTION

We work with third-party logistics partners to reliably distribute our coffee & tea products to customers across the world in a manner that ensures the products' freshness and quality and minimises our environmental footprint.

CHANNELS

We sell our full product range through a go-to-market approach that covers the entire spectrum of sales channels, retail channels, online channels, Out-of-Home channels and coffee stores.

Our Approach (page 34)

CONSUMERS

Our mission is to delight consumers with every cup delivering high-quality products, while creating value for our customers.

Our Brands (page 14)

END-OF-LIFE

Our multiple partnerships allow consumers to more easily return their used coffee pods for public or private collection and into recycling streams.

Engaging our Stakeholders (page 17)

Value chain boundaries: Upstream | Own operations | Downstream

BRAND HIGHLIGHT

BRINGING PEOPLE CLOSER TOGETHER SINCE 1753

#1
brand in market share in the Netherlands

#1
in awareness in the Netherlands

In 1753, Egbert Douwes and his wife Akke Thijsses opened their grocery store De Witte Os on the Midstraat in Joure, the Netherlands, laying the foundation for today's Douwe Egberts.

Through the years, Douwe Egberts has been the only coffee brand that understands what drives Dutch people, by being connected to Dutch society and embedded in Dutch communities. Nowadays, Douwe Egberts is synonymous with a sense of community – whether it is the comfort of a family gathering, a cosy catch up with a friend, or a moment of connection with a neighbour, Douwe Egberts has been making it happen over a cup of coffee for centuries.

Consistently delivering on these moments has earned the brand its association with the comforting qualities of good coffee and good people: warmth, character and the ability to connect with others. There is no other moment that reflects this better than Douwe Egberts Burendag – a day where neighbours across the country are encouraged to meet and connect over a cup of coffee. Launched in 2006, Burendag has grown to become a Dutch tradition, one that celebrates the quintessential symbol of people coming together.

In 2023, we opened two new D.E. Cafés in the Netherlands, bringing the total to 11 cafes. Douwe Egberts also accelerated its sustainability agenda by removing the plastic lid from the Ready-to-Drink cup range, resulting in around 44% less plastic per cup.

Back to brands overview

ENGAGING OUR STAKEHOLDERS

We operate in a fast-paced, dynamic environment, where stakeholder engagement is a key part of achieving our many ambitions. Engagement enables us to take stakeholders' needs into account as we work towards our strategic goals, and implement the many policies, targets, and action plans that enable us to steer the company towards sustainable growth.

We are proud of the many stakeholder groups that contribute to making us the company we are, from the smallholder farmers who cultivate the coffee & tea used in our products, to our suppliers, customers, consumers, employees, and shareholders. Our inclusive approach to stakeholder engagement is marked by active listening and meaningful interaction, guided by the goal of using stakeholder insights to enrich our corporate journey and achieve our strategic goals.

Our commitment to engaging with stakeholders extends throughout the organisation and along the entire value chain. This engagement takes various forms, from regular and ongoing interactions to collaborative projects that ignite innovation and foster meaningful partnerships. This approach empowers us to leverage the expertise of our stakeholders to enhance our operations, prioritise long-term value creation, and proactively address potential risks. Our Stakeholder Engagement Policy, which we launched in 2023, sets out the framework, approach and guiding principles to ensure we stay connected.

As we make strong progress on our corporate journey, the significance of stakeholder engagement continues to grow. We recognise that the scale and focus of our efforts will ultimately determine the impact we can achieve in shaping a brighter future. In pursuit of pre-competitive initiatives, such as those involving smallholder farmers and packaging end-of-life, we are intensifying our collaborative efforts across our supply chain. This strategic alignment aims to identify and deploy comprehensive scalable solutions, thereby paving the way for a sustainable and prosperous future.

DOUBLE MATERIALITY

To ensure that we hear the voices of all our stakeholders and determine associated impacts, risks and opportunities, we performed our first double materiality assessment in 2023, as part of our triennial review. Carrying out a review once every three years lets topics evolve, gives sufficient time to implement actions based on outcomes, and enables the company to align with periodic strategy updates, such as the Value Creation Plan.

As part of the three-year cycle, a light review will be carried out in 2024 and 2025, where we will perform an update based on desk research and interviews with internal stakeholders. The materiality process is then planned in such a way that Business Planning and Enterprise Risk Management are informed of any outcomes punctually.

DOUBLE MATERIALITY METHODOLOGY

CONTEXT AND STAKEHOLDER IDENTIFICATION

Value chain evaluation – assessing definitions and different business models within JDE Peet's

Identified 9 key stakeholder groups across the value chain and classified as affected stakeholder or user of information

- Value chain visualisation
- Stakeholder groups

IDENTIFY SUSTAINABILITY TOPICS

> 100 impacts, risks & opportunities identified based on reporting standards (GRI, ESRS, SASB), ESG ratings, industry reports, consumer analysis and peer review

23 topics defined by categorising impacts, risks & opportunities and evaluating their position across the value chain

- Topic lists

ASSESS IMPACT AND FINANCIAL MATERIALITY

> 65 external stakeholders and > 700 employees surveyed, to understand what matters most to different stakeholder groups

20+ interviews conducted with internal/external stakeholders and experts to gain insights on impacts and risks & opportunities across the value chain

- Stakeholder perspective
- Impact and financial score

VALIDATE MATERIAL TOPICS

2 expert panels – impact and financial materiality separately – to validate the outcomes and scoring

Board session to approve the process and outcomes

Map material topics to **applicable European Sustainability Reporting Standards (ESRS)**

- Approval
- Material topics
- Mapping

PURPOSE

The outcomes of our double materiality assessment will be used to:

- Determine material sustainability impacts, risks & opportunities
- Identify strategic sustainability priorities for the short, medium and long-term
- Support the integration of sustainability practices in the organisation and operations
- Inform risk management processes
- Engage with stakeholders to improve strategy and to help identify and address operational issues
- Enhance transparency in reporting
- Report in compliance with the 2021 GRI Standards and, as of 2024, in compliance with the Corporate Sustainability Reporting Directive (CSRD).

Double Materiality

Common Grounds pillar	Material topic	Value chain	Main impact generated (potential/actual)	Financial materiality	Impact materiality	Time horizon	Main SDG* for positive impacts	Relevant Annual Report section*
Responsible Sourcing	Biodiversity & deforestation	Upstream	Working towards a deforestation-free supply chain in our sourcing of green coffee and paper & pulp. Anticipating and managing biodiversity and deforestation-related risks across the value chain by tackling region-specific issues at community and landscape levels.	✓	✓	Medium-term; Long-term	15	• Preservation of nature and biodiversity: the importance of rich habitat • Deforestation-free supply chains
	Farmer livelihoods	Upstream	Our commitment to making a difference in the lives of farmers, their households, and greater farming communities. Through our Responsible Sourcing pillar under Common Grounds, we work closely with relevant stakeholders in the sector to support farming communities' vision of prosperity and to respect human rights.	✓	✓	Short-term; Medium-term; Long-term	1, 2, 10, 17	• Coffee: sustainable agriculture • Smallholder farmer engagement: further outreach and expansion
	Sustainable agriculture	Upstream	Supporting farmers in implementing good agricultural practices that promote resilience while increasing the long-term viability of farm production, including water and energy reduction, optimal nutrient management, climate change mitigation efforts, soil conservation, integrated pest management, and activities to improve crop yields and quality.	✓	✓	Long-term	2	• Coffee: sustainable agriculture • Smallholder farmer engagement: further outreach and expansion
	Human rights	Upstream	Applicable to our farmers, suppliers and other stakeholders in our value chain. We commit to high standards of social and environmental responsibility and ethical conduct as a signatory of the UN Global Compact and in line with internationally recognised human rights standards.	✓	✓	Short-term; Medium-term	8, 10, 16	• Respecting Human rights
Minimising Footprint	Climate action	Upstream; Own operations; Downstream	Reducing or preventing greenhouse gas emissions along our entire value chain and managing climate-related transition and physical risks across the value chain by deploying decarbonisation technologies and investing in effective climate change measures to adapt to climate change.	✓	✓	Medium-term; Long-term	2, 7, 13	• Taking planet action
	Packaging & circularity	Upstream; Own operations; Downstream	Enabling circularity and minimising the environmental impact of our packaging through design choices, helping reduce material use, promote reuse/recycling/composting, and increase the use of recycled content.	✓	✓	Long-term	8, 12	• Working towards sustainable packaging and reduced waste
	Water & wastewater management	Own operations	Improving water management in our own operations, with a focus on availability, quality and access to water, particularly in regions with high or extremely high water stress, leading to lower operating costs and reduced risks.		✓	Medium-term; Long-term	6	• Managing our water use
Connecting People	Human capital management	Own operations	Investing in employee learning and development programmes and in people analytics to attract and retain talent, to raise the skills and capabilities to execute our strategy, and to embed company values at every layer of the organisation.		✓	Short-term; Medium-term	8	• Growing our people
	Diversity, equity and inclusion	Own operations	Fostering a more diverse, equitable and inclusive organisation to ensure our employees feel they can be who they truly are and in breaking down potential barriers for everyone to achieve their full potential.		✓	Short-term; Medium-term	5	• Our global approach to DE&I
Upholding Standards	Product safety & quality	Downstream	Delivering safe, high-quality products by ensuring our own manufacturing and processing facilities are regularly audited and hold international certifications across all areas of food safety and quality.		✓	–		• Food safety and quality
	Ethics and governance	Own operations	Ensuring general principles of governance and ethics (including accountability, transparency, integrity and compliance) that guide our behaviour at all levels of our organisation. This topic includes fair tax, anti-competitive behaviour, anti-corruption and bribery.		✓	–	12, 16	• Corporate Governance
	Cyber security	Own operations	Protecting JDE Peet's IT systems from intrusion, both outside or inside the company, and ensuring recovery of the main IT system after an event occurs.		✓	–		• Risk management

*Associated impacts, risks and opportunities, and our strategy, are described in greater detail in their respective section of the Annual Report and Risk management section of this report.

Impact materiality | Financial materiality | Short-term: 1 year | Medium-term: 1-5 years | Long-term: >5 years | Upstream | Own operations | Downstream

METHODOLOGY

IMPACT MATERIALITY

Impact materiality has been assessed based on severity (scale, scope, and remediability) and likelihood.

Stakeholder surveys were conducted to understand what matters most to them. Subsequently, we used interviews to gather qualitative and quantitative insights into the severity of impact and understand the likelihood of occurrence. Specific stakeholders focused on impact materiality and financial materiality based on their area of expertise (for example, multiple Executive Committee members, including the CEO, and external stakeholders, including representatives from Sedex and IDH for impact materiality). Interviews were complemented by desk research. Finally, an impact expert session was organised to calibrate the outcomes.

In our assessment, we used the scale/parameters for severity and likelihood as shown in the table below. For severity, the scale, scope, and remediability of impacts are embedded. The likelihood criteria aligns with JDE Peet's' enterprise risk management process.

FINANCIAL MATERIALITY

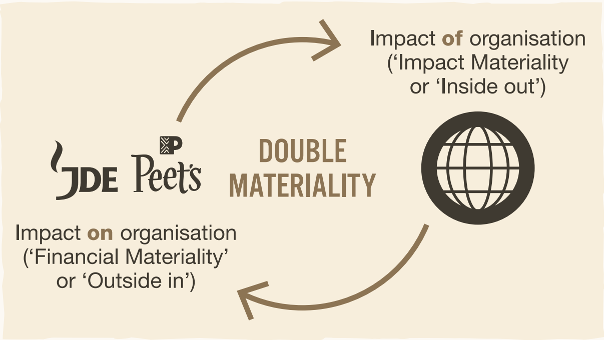
We assess financial materiality based on the size of potential financial effects and likelihood. Financial effects can be attributed to impact on competitive advantage, improved customer/consumer value, license to operate, and/or reputation.

As with impact materiality, we used different methods (desk research, interviews and expert sessions) to determine connections between the impacts & dependencies of the topics and the risks & opportunities that may arise from them. Relevant stakeholder groups and/or experts were involved in capturing this perspective.

Impact has been determined as a percentage of revenue or EBIT at stake. The likelihood criteria is reflected similarly to the impact materiality.

For both impact and financial materiality, we have defined the time horizons as short, medium and long-term, in line with the definition outlined in the CSRD, which defines these horizons as follows:

- Short-term: 1 year
- Medium-term: >1-5 years
- Long-term: >5 years.



Severity

Parameter	Description
Significant	Impact is significant, global, and/or non-remediable
High	Impact is high, widespread, and/or very difficult to remedy
Medium	Impact is medium, medium scope, and/or difficult to remedy
Low	Impact is low, concentrated, and/or remediable with effort
Minor	Impact is minor, limited scope, and/or relatively easy to remedy

Impact (potential financial effects)

Parameter	Description	Revenue/EBIT
Maximum	Significant (potential) financial impact	> 5%
High	High (potential) financial impact	>2.5-5%
Medium	Medium (potential) financial impact	>1-2.5%
Low	Low (potential) financial impact	>0.5-1%
Negligible	Negligible (potential) financial impact	< 0.5%

Likelihood

Parameter	Description	Chance of occurrence
Highly likely	Impacts in the highly likely category are almost certain to occur	>90%
Likely	These impacts need regular attention, as they are bound to reoccur and therefore require a consistent mitigation strategy	>60%-90%
Possible	Possible impacts may occur about half the time and therefore need attention	>40%-60%
Unlikely	Impacts in the unlikely category have a relatively low chance of occurring. However, because they may still affect JDE Peet's' business, they need to be monitored and mitigated	>10%-40%
Highly unlikely	Highly unlikely impacts should be recognised, but require little attention	<10%

STAKEHOLDERS

In identifying affected stakeholders and users of information, we expanded the existing mapping from the 2022 annual report. This includes a description on the importance to JDE Peet's' benchmark against peers, analysis of the value chain and its stakeholder list. The relevance of each stakeholder group can be shown through the five attributes of stakeholder identification: Dependency, Responsibility, Tension, Influence and Diverse perspectives.

This is complemented by taking into account JDE Peet's' entire value chain, from bean to cup, and our segments. Based on these inputs, we defined our stakeholder groups, including whether they are affected stakeholders or users or both, their significance to JDE Peet's, and within that group, additional details of who is actually included in the group.

The stakeholder groups we identified are:

- Consumers
- Customers and business partners
- Smallholder farmers
- Suppliers
- Employees
- Nature and communities (NGOs)
- Industry (and trade associations)
- Regulators
- Shareholders, investors, financial institutions and tax authorities.

OWNERSHIP AND GOVERNANCE

The Board is ultimately responsible for the oversight of sustainability impacts, risks and opportunities. The CSRD Steering Committee, composed of the Global Director Group Control, VP Sustainability and Group Internal Audit Director, reviews and approves the sustainability information. The company's governance structure is reflected in the Board structure section of this report, which includes the most important governance policies and regulations at each level, including oversight and management of sustainability impacts, risks and opportunities.

Engagement with stakeholders is central in our on-going due diligence process and sustainability materiality assessment.

SCOPE

JDE Peet's' materiality assessment extends beyond financial reporting. It identifies and assesses sustainability impacts, risks & opportunities across the entire value chain, from agricultural production to end-of-life. We also considered the geographical footprint, such as sales per segment, production locations, and farmers' locations.

TOPIC BOUNDARIES

Several information sources were used to identify impacts, risks & opportunities, and to define topics, allocate sub-topics and determine topic boundaries. Several credible internal and external sources covering the value chain and short-, medium-, and long-term time horizons have been included to ensure all time horizons are covered. The list was built up using sources including, but not limited to, ESRS, GRI, TCFD and internal policies, Board meeting agendas, and sustainability programme reviews. Based on this, we created a list of 143 sustainability topics, including the rationales for including or excluding a certain topic. We subsequently clustered overlapping topics and defined a list of 23 topics — including sub-topics and boundaries — that were used in the further double materiality assessment, which prescribes how the shortlist was derived.

For impact materiality, all topics that scored above 'medium' and 'possible' on severity and likelihood were deemed material. These were brought to the impact expert session. A similar setup was used for financial materiality, and all topics above 'medium' and 'possible' on impact and likelihood were considered material and brought into the financial expert session. During those expert meetings, a final list of topics was determined.

Following dozens of interviews, over 750 survey responses, two expert sessions, and Executive Committee and Board approval, we defined the 12 most material sustainability topics for JDE Peet's. These are closely linked to the UN Sustainable Development Goals as reflected in the double materiality table.

Since the materiality assessment carried out in 2022, human capital management and water & wastewater management have become more material and have been included as most material topics. Both topics have since received additional focus in our quarterly sustainability programme review and have led to strategy adjustments to reflect stakeholder requirements.

We have also seen that some topics - product safety & quality, ethics & governance, and cyber security — have become more of a 'hygiene factor' when carrying out responsible business, and are now seen as being the standard.

Our material topics

- Climate action
- Packaging & circularity
- Biodiversity & deforestation
- Farmer livelihoods
- Human rights
- Sustainable agriculture
- Water & wastewater management
- Human capital management
- Diversity, equity and inclusion

Upholding standards

- Product safety & quality
- Ethics and governance
- Cyber security

STAKEHOLDERS

CONSUMERS

What matters to them
While consumers are increasingly focussing on the sustainability of their cup of coffee, their primary focus remains on affordability and quality. With the growing transparency of supply chains and scrutiny on greenwashing, it is important to remain authentic, delivering outcomes that are sustainable along the entire supply chain, whilst keeping coffee accessible for everyone.

How we engage
Our key consumer contact points are through our brands. Our omni-channel approach helps us to be where the consumer is, and considering the impact and role of each channel along the consumer decision journey enables us to create meaningful interactions. Each year, we facilitate approximately 200,000 interactions via our consumer carelines, encompassing a wide range of on- and offline communication. We also actively connect with consumers through our brands' marketing initiatives, fostering awareness on sustainability. Additionally, we harness valuable insights taken from standard industry research sources and consumer data to enhance our understanding of evolving consumer trends. This concerted effort empowers us to tap into the full potential of our consumer base.

CUSTOMERS AND BUSINESS PARTNERS

What matters to them
Customers are the main gateway to our consumers, and aim to provide the best assortment possible. While in 2023, we dealt with trade interruptions due to pricing disputes, we remain focused on providing customers with the best product at a competitive price. We are increasingly engaging with customers on GHG emissions, as we are key to helping them deliver on their net-zero objectives. Reduced and recyclable packaging continue to remain top of mind, as consumers become ever more aware of back-of-pack labelling.

How we engage
Our sales teams have an ongoing dialogue with customers to ensure expectations are met. Clearly structured annual Customer Planning Days are used to align plans for the year ahead, while increasingly we engage actively at a corporate level to discuss sustainability topics and how we can work together to deliver on our respective commitments. We also engage on sustainability through top-to-top meetings with our customers' sustainability leads.

SMALLHOLDER FARMERS

What matters to them
Smallholder farmers serve as the cornerstone of our coffee & tea production. These dedicated individuals, comprising millions of small-scale farmers around the world, contribute to over 80% of the world's coffee output. Ensuring their prosperity and safeguarding the future of coffee production are critical objectives for JDE Peet's. Climate change presents a looming threat, and is poised to reshape the landscape of coffee-growing regions. By 2050, if the world fails to deliver a net-zero future, as much as half of the global area suitable for coffee cultivation may be lost. Today, farmers already grapple with the early signs of climate change, including shifting weather patterns that bring longer dry spells, water scarcity, and extreme temperature fluctuations. These challenges pose a profound risk to crop yields, placing the livelihoods and incomes of farmers in jeopardy, and ultimately, affecting entire communities if decisive action is not taken.

How we engage
Our Responsible Sourcing pillar is committed to empowering smallholder farmers through training and equipping them with tools and techniques tailored to address their specific local challenges. In partnership with various organisations, we establish comprehensive programmes that grant farmers access to essential services and resources. These include climate-resistant seedlings, the adoption of agroforestry practices, safe and responsible use of agrochemicals, and the implementation of measures to protect human rights. Our farmer training initiatives are developed collaboratively with our partners, aligning with and addressing local priorities in a structured, action-oriented manner, aimed at fostering continuous improvement within the supply chain.

SUPPLIERS

What matters to them

With inflation and energy prices remaining high in 2023, our suppliers had to focus on the bottom line while ensuring they could deliver high-quality goods on time. Ensuring future business in a volatile economy is key to them.

How we engage

We regularly engage with our suppliers through direct conversations, comprehensive supplier engagement sessions, and in collaborative industry forums. In 2023, we updated our Supplier Code of Conduct, which all suppliers are required to conform to. In addition to strategic partnerships with key suppliers, our Responsible Sourcing pillar engages through SEDEX and the Self-Assessment Form process, to identify and address social and environmental supply chain issues.

As our suppliers are our Scope 3 emissions, we actively engage through our Supplier Relationship Management process to ensure our net-zero roadmaps align. We are proud to say that suppliers constituting 44% of our raw (non coffee)/packaging footprint are SBTi committed or getting their targets validated by the Science Based Target initiative.

EMPLOYEES

What matters to them

Employees are at their best when they can be themselves, are respected and feel included. Creating a culture of high-performing employees requires an ongoing focus on human capital management, ensuring people can grow through training and feedback. Facilitating employee growth through internal opportunities is essential to drive employee engagement.

How we engage

We engage with our people on a day-to-day basis, working together to create a better future, through online channels such as Workplace, via Teams, as well as at the office and during company events. The cup of coffee in the coffee corner will always be the hub of the organisation. Our mid-year and year-end reviews ensure we remain on track, get our learning goals in place, and manage the work. We use the engagement survey and subsequent follow-ups to identify attention points and ways to further improve and keep our employees engaged.

NATURE & COMMUNITIES (NGOs)

What matters to them

While nature can't speak for itself, growing concern over biodiversity loss and degradation of the environment means that non-governmental organisations (NGOs) are increasingly speaking on nature's behalf. They are advocating decisive action to combat climate change, the restoration of nature, and the continued focus on helping smallholder farmers. NGOs partner with us in our Responsible Sourcing pillar, where we work together to implement many of our projects aimed at helping smallholder farmers around the world.

How we engage

The voices of NGOs form an important part of our materiality assessment process. In addition, we regularly engage with various NGOs on specific environmental or social topics and participate in their benchmarks and surveys. We also engage with those NGOs which implement some of our Common Grounds projects through project discussion and steering committee meetings, and collaborate on a range of relevant projects.

INDUSTRY

What matters to them

We are an active member of the European Coffee Federation (ECF), the representative organisation for the European coffee trade and industry, covering approximately 35% of the world's coffee traded volume. The industry is focused on a number of issues, from sustainable agriculture and climate change mitigation, to biodiversity and deforestation protection. In 2023, the industry was most focused on the topic of deforestation, following the introduction of regulations to combat this key issue. It is vital that the coffee industry complies with these new regulations, as market access is restricted for non-compliant coffee producers.

How we engage

In addition to the ECF, we are active in national trade associations in a number of countries, as well as the Global Coffee Platform (GCP), with the aim of tackling complex challenges across the entire value chain. We also collaborate with industry partners in a pre-competitive way to address challenges such as standardising carbon footprint measurements.

REGULATORS

What matters to them

Regulators are increasingly focused on driving change in areas where the sector fails to act. For example, the EU is taking a leading role in establishing sustainability regulation, such as on deforestation (EUDR), packaging (PPWR) and reporting (CSRD), with more likely to come. More locally, we see governments acting to protect their water supplies due to droughts.

How we engage

We typically engage with governments indirectly through industry and trade associations, such as the ECF. We take a more active role on some topics, with the goal of ensuring regulation achieves its aim and is in line with the Paris Agreements.

We engage with governments in the largest coffee producing areas to support their transition to deforestation-free coffee. And with the objective of furthering sustainable packaging, we invited several regulators to visit sorting centres to view the existing recycling infrastructure for single-serve pods.

SHAREHOLDERS, INVESTORS, FINANCIAL INSTITUTIONS AND TAX AUTHORITIES

What matters to them

In addition to regular interest in our strategy and performance, in 2023 we interacted with (potential) shareholders, debt investors, equity research analysts, debt rating agencies and ESG rating agencies on a wide variety of topics. Key topics included our long-term growth opportunities in areas such as the US, China, other emerging markets and digital commerce, our sustainability journey, our disciplined pricing strategy in light of ongoing inflation, the shift to a fully integrated omni-channel approach in Europe, the post-pandemic transition with consumers spending more time Away-from-Home, the planned acquisition of Maratá in Brazil, and Russia.

How we engage

We engage directly with our shareholders through the Annual General Meeting of Shareholders. Further engagement with (potential) shareholders and other financial market participants includes semi-annual earnings calls, investor roadshows, (ESG) investor conferences, as well as individual investor and analyst calls and meetings. These events are hosted by one or more members of the Executive Committee, the Investor Relations team and/or the Sustainability team. Additionally, we are open and transparent and develop cooperative relationships with tax authorities.

In the Netherlands, we hold quarterly meetings with the tax authorities, and separate meetings and/or calls may be organised to proactively discuss ongoing events relevant for tax purposes, if and when required. Group Tax participates in those meetings and/or calls, and our Chief Financial Officer also occasionally engages with the Dutch tax authorities.

EXTERNAL TRENDS AND DEVELOPMENTS

EXTERNAL TRENDS

In recent years, the coffee & tea categories have been in a state of change, largely due to a shift in consumer tastes and behaviour. While inflation remains, and has added to financial pressure for consumers, we are seeing a further normalisation of the balance between In-Home and Away-from-Home consumption in the aftermath of the pandemic. It is clear that coffee & tea remain crucial beverage moments, and within this fast-changing environment we have identified several key trends to which we are responding with a combination of innovation, expertise and the power of our brand portfolio.

The heritage of brands provides trust, connection and familiarity, particularly in times of stress and uncertainty.

PURCHASING POWER

Consumers are budgeting with care and making decisions on how to reduce costs, big and small – with the price of a cup of coffee a common reference point. Consumers are increasingly paying attention to how brands will help them cope with economic pressures. While coffee & tea are an important part of the daily routine, they are also seen as an affordable treat. Whilst some consumers look for ways to make coffee more cost-efficient, and others look for indulgent experiences. No matter where consumers choose their coffee, we believe it will remain both an essential item and an indulgent treat through changing times.

With our brand portfolio covering all segments we have a coffee or tea for everyone.

SUSTAINABILITY AWARENESS

Consumers are increasingly aware of the impact their choices have on the environment and the wellbeing of others, leading them to select options that are more sustainable. This can include responsibly sourced coffees & teas, environmentally friendly packaging, and products with a reduced carbon footprint. At the same time, governments are progressively looking at policy initiatives to address these topics, particularly on greenhouse gas emissions, human rights, and deforestation.

Through our Common Grounds sustainability programme, we directly respond to the growing focus on sustainability.

CONSUMERS ABANDON THE MIDDLE GROUND

Consumer fragmentation is increasing across the coffee & tea categories, with trends such as growing numbers of consumers seeking premium products and demonstrating their preparedness to trade up within a category or to trade up by experiencing a new category. At the same time, it is clear that more people are seeking value product propositions. The growth in these two parallel segments is coinciding with a decline in the mid-range market. The result is a divergence in pricing opportunities as both premium product propositions and value products become more prominent. We observe polarisation of consumption in both categories, thus elevating the importance of overall brand experience, which in turn means that meaningful innovation will be critical for future success.

We have evolved our growth strategy to expand our single-serve, premium instants and whole-bean coffee subcategories to respond to changing consumer tastes.

GLOBAL CONSUMER CONCERNS

Geopolitical events are creating increasing unease for many, which among consumers often translates into concern and anxiety about the future. Taking breaks is a growing need, and coffee & tea naturally help to manage energy throughout the day. We have a responsibility to help reduce stress, and our brands are ideally positioned to support consumers craving familiarity, connection and trust during difficult periods. Across the globe, our local brands have long been a sign and symbol of home and now, more than ever, home is a sign and symbol of safety, connectedness, and a safe harbour for consumers.

Our Brands provide trust and offer a moment of calm, mindfulness, and connection at a time where negative feelings continue to feed stress and anxiety.

CAFÉ CULTURE IS HERE TO STAY

The café culture has undergone a global expansion in recent years, which has not only increased the consumption of coffee & tea, but also created new consumer touch points. We are utilising these touch points to introduce consumers to new and different tastes, textures and concepts, expanding brand awareness and building stronger consumer relationships. This can lead to consumers purchasing additional products through different channels, such as their favourite coffee chain-branded beans online, with consumers clearly demonstrating that they are prepared to pay more for what they perceive as an elevated experience.

As part of our growth strategy, we are successfully increasing the household penetration of Peet's in the United States.

EMERGING MARKETS, EMERGING GROWTH

As global prosperity continues to improve, consumers in emerging markets are developing a taste for the coffee experience. We see that our emerging markets are growing at roughly twice the pace of our developed markets, evidenced by our continued growth in China. The total spend on coffee is accelerating and we expect this to continue, driven by increased coffee consumption overall and an increased share of the Away-from-Home business. This shift will likely attract large coffee chains to urban areas in these markets.

We are increasing exposure to, and driving growth in, emerging markets as part of our growth strategy, directly capitalising on this emerging trend.

E-COMMERCE AND COFFEE GO HAND-IN-HAND

Selling coffee online was on the rise even before the pandemic, but an increased demand for products online also leads to growth in online coffee sales. E-commerce allows consumers the ease of buying their daily cup and the ability to find speciality and premium coffee products that they might not otherwise have access to, and post-pandemic people continue to enjoy coffee at home.

Through e-commerce we are increasing the number of cups we serve, bringing our coffee to everyone at home.

CONSUMER CENTRICITY POWERED BY DATA

Access to consumer data delivers a competitive advantage in consumer product categories. Combined with AI-driven models, other data analytics techniques, and social monitoring, we are able to identify consumer trends and shifts in consumer behaviour. Trends enable us to better predict what will be important in the future. Consumer centricity powered by data will help us drive improved Brand presence across touchpoints (communication, packaging, product innovation, better shopping experience, and drive category growth across different channels).

By focussing on consumer centricity and innovating our brands, we can provide consumers with the right products, at the right moment.

HEALTH AND NUTRITION

There is a shift towards healthier lifestyles, which impacts the products consumers source. Consumers are looking for products to better help them achieve a balanced diet. We see continued pressure on products with higher fat and sugar levels, among both consumers and legislators, and there is a move among some consumers for caffeine-free options. While drinking coffee & tea in moderation is part of a healthy lifestyle, and consumers appreciate that coffee & tea can provide nutritional and health benefits, we seek to protect our healthy nutritional heritage as consumer trends adapt, developing new beverage segments with higher nutritional values and offering decaf variations.

Through our Health & Indulgence programme, we continue our heritage of proposing healthier alternatives without compromising consumer preferences.

BRAND HIGHLIGHT

L'OR LIVES TO UNLEASH PLEASURE

€1B
coffee brand

#1
retail coffee brand in France

sold in
50+
markets

Created in France in 1992, the ambition for L'OR has always been to offer the best coffee in the world. In 2016, L'OR transformed the market with its high-quality aluminium capsules and exquisite coffee blends.

Today, L'OR has turned into a billion-euro coffee brand and has become the number one retail coffee brand in France. With a desirable coffee portfolio across all coffee categories, available at arm's reach in over 50 markets, L'OR will continue to seduce coffee lovers around the world, delivering layers of flavour and aroma for an immersive sensorial experience.

Since 2023, L'OR Barista is also available in the US in the single serve coffee category, bringing L'OR quality coffee in an espresso machine, specifically designed with U.S. consumers in mind.

In 2023, we proudly introduced our new global brand campaign 'awaken your senses'. In a world that never stops, this campaign is an invitation to slowdown and experience the intensity of an intimate moment of pure coffee pleasure. The campaign was directed by famous French photographer and cinematographer Bruno Aveillan.

L'OR continued to innovate, launching new, limited creations: Arabica Bourbon, a decorative instant pure jar inspired by the treasures of nature and the introduction of the exclusive L'OR Barista appliance model: 'L'OR Champagne'.

Looking ahead, L'OR is committed to protecting and promoting a richer future of coffee diversity.
In partnership with World Coffee Research, L'OR will work to enrich coffee origin diversity, to ensure that future generations can enjoy coffee pleasure forever.

Back to brands overview

STRATEGY AND VALUE CREATION

OUR VALUE CREATION STORY

OUR PURPOSE: WE UNLEASH THE POSSIBILITIES OF COFFEE & TEA TO CREATE A BETTER FUTURE

Inputs
WHAT WE DEPEND ON

Financial and manufacturing
- **EUR 23.1 billion** in total assets
- **EUR 301 million** capex in 2023
- **42** facilities across **24** countries
- Investments in growth

Resources
- **83.8%** responsibly sourced coffee
- **289 kT** of packaging material (44% of renewable sources)
- **2,356,882 MWh** energy use
- **6.6 million** cubic metre water use

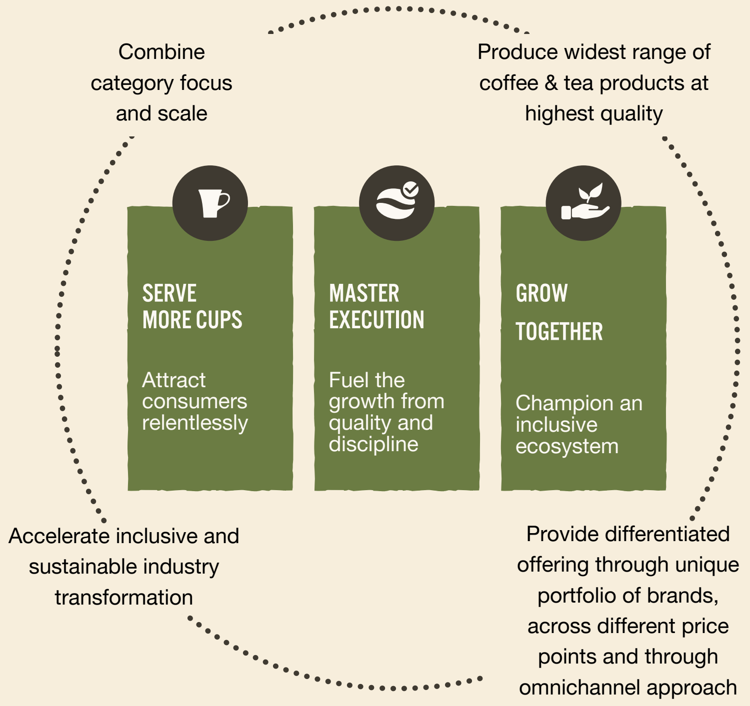
Social and relationship
- **> 1,000** direct material suppliers across 60 countries
- **12.5 million** smallholder farmers in > 70 countries
- **Ongoing** stakeholder engagement along the value chain

Talent
- **21,196** employees of **101** different nationalities
- **42.6%** of our employees are women
- **23** average training hours per employee

Intangibles
- Owner of the **largest** portfolio of coffee & tea brands
- Our **R&D capabilities** and **intellectual property**

Activities
WHAT MAKES US SPECIAL

Values
ACCOUNTABILITY | ENTREPRENEURSHIP | DISCIPLINE | SIMPLICITY | SOLIDARITY



Inputs
WHAT WE DELIVER

- **EUR 8.2 billion** total sales
- **EUR 1,128 million** adjusted EBIT
- **EUR 522 million** free cash flow

- **128.1 billion** cups of coffee
- **85 kT** of waste generated
- **79%** packaging components designed to be reusable, recyclable, or compostable
- **1.4%** decrease in water intensity compared to 2020

Outcomes
THE VALUE WE CREATE

Financial and manufacturing
- **EUR 11.9 billion** in market cap
- **Investment grade** credit ratings
- **EUR 340 million** dividends
- **1.1%** of waste to landfill

Resources
- **21%** reduction in Scope 1 & 2 (baseline 2020)
- **9%** reduction in Scope 3 (baseline 2020)

Social and relationship
- 110,900 smallholder farmers reached in 2023 and **700,900** since 2015
- **39** markets with #1 or 2 market position

Talent
- **< 1%** pay equity-gap
- **High engagement** levels
- Fostering a more **diverse, equitable and inclusive** organisation

Intangibles
- Providing **energy and sensory experiences**
- Creating moments of **connection** and **enjoyment**

OUR STRATEGY

We operate in coffee & tea categories across almost every market in the world, all of which have their own traditions, trends and tastes, making these categories fascinating, complex and fast-moving.

We believe it is vital that we respect this endless diversity by both responding to trends and working to proactively shape consumer tastes and habits, where possible.

To achieve this, we have put in place a strategic framework designed to generate sustainable, inclusive, and profitable growth in the global coffee & tea categories in developed and emerging markets. We believe that such growth will help us create long-term value for customers and consumers, the company and all our stakeholders.

Our strategic framework is built on three pillars:

- Serve more cups through a relentless focus on attracting consumers
- Master execution which fuels our growth from quality and discipline in everything we do
- Grow together by championing an inclusive ecosystem

Our strategic framework is built on three pillars:

SERVE MORE CUPS

We are focused on attracting new consumers by increasing penetration in fast-growing markets and subcategories, by premiumising across categories and geographies, and by increasing our global footprint organically or through partnerships and acquisitions.

To achieve this, our growth strategy targets five areas of opportunity:

1. INCREASING THE HOUSEHOLD PENETRATION OF THE FASTEST-GROWING COFFEE SUBCATEGORIES

The single-serve, whole beans and premium instant subcategories are the fastest-growing segments of the coffee category, but we have yet to exploit their full potential globally. A significant part of our annual investments target these fast-growing segments. Such investments demonstrate our intent to pursue growth opportunities through various offerings and product innovations in both existing and new markets, at different price points and across multiple brands. We will achieve this by building on the strength of our current brand portfolio which enables us to be active in many different markets and to serve the entire spectrum of consumers.

2. INCREASING EXPOSURE TO, AND DRIVING GROWTH IN, EMERGING MARKETS

Emerging markets have seen significant growth in recent years and we expect this trend to continue. We believe that changing consumer trends and preferences in these markets, including an increase in the consumption of coffee & tea and the premiumisation of the coffee & tea categories, present significant growth opportunities. Our growth strategy includes the expansion of sales in existing and new markets, illustrated through our partnerships with Hillhouse and Americana in China and the Middle East. JDE Peet’s has been active in Brazil, Eastern Europe and South Africa for many years, while in recent years we have expanded our footprint in the Asia-Pacific region through the acquisitions of Super Group in Singapore and OldTown in Malaysia.

3. BUILDING DIRECT CONSUMER RELATIONS THROUGH OUR OWN DIRECT-TO-CONSUMER CHANNELS

The pandemic has fuelled consumers' online purchasing behaviour, a trend we expect will continue to grow in the coming years. In many regions, we have seen a substantial rise in the number of people working from home, and a subsequent increase in In-Home coffee & tea consumption. Consequently, we are serving more consumers through our proprietary Direct-to-Consumer channels such as peets.com, tassimo.com and lorespresso.com. The growth in direct relationships with our consumers has and will continue to enable innovative new connections and the creation of more personalised offerings.

4. CAPTURING ATTRACTIVE OPPORTUNITIES IN THE OUT-OF-HOME SALES CHANNEL

We have a solid position across the Out-of-Home sales channel and are well positioned to capture new opportunities as the coffee category continues to evolve in the wake of the pandemic. We intend to seize these opportunities by offering full coffee & tea solutions to our customers. This applies particularly to non-commercial customers where coffee solutions are provided as a service. At the same time, we will leverage our portfolio of brands (including Peet's, L'OR and Jacobs), our direct go-to-market approach, and our ability to enhance customer experiences and operational efficiencies through our IT platforms.

5. CAPTURING OUR STAKEHOLDERS REQUEST FOR A 'BETTER' CUP

To remain relevant and competitive while continuing to grow, our product and service portfolio will have to evolve to integrate the sustainability challenges that lie ahead of us. Governments are redefining the boundaries of our right to operate, and we are working to further integrate environmental and social considerations that will positively impact our procurement, manufacturing and distribution practices. Our customers and suppliers are facing similar challenges, and supply chain collaboration is becoming increasingly important if we are to deliver on our sustainability ambitions. Our consumers are scrutinising our engagement towards a better future, and our efforts help create greater trust in our brands. Our investors request resilience and have long understood that financial and non-financial performance are closely linked. And coffee & tea farmers, who are at the heart of our business, deserve a greater future to ensure that every day we continue to enjoy a great cup of coffee & tea that drives economic, social and environmental value. More information on how we are working to create value for society and our many stakeholders can be found in the Performance review section of this report.

MASTER EXECUTION

Master execution is the second pillar of our strategy and it will fuel our growth through quality, efficiency and discipline in-store and along our supply chain. Our aspiration is to provide sustainable and agile supply.

Our supply chain organisation is working to anticipate emerging challenges as global supply chains change faster than ever before. We optimise our manufacturing operations' network to adapt to consumer preferences, which results in ongoing investments in our manufacturing facilities and a wider network to support our growth.

Current priorities for this strategic pillar include:

1. NOT COMPROMISING ON PRODUCT QUALITY

Our consumers appreciate our strong brands, relying on the consistent high quality that we deliver. At JDE Peet's, we make a promise not to compromise on product quality. We also don't compromise on our performance and continue to operate with financial discipline to protect profitability and cash flows.

2. DELIVERING SERVICE EXCELLENCE ACROSS CHANNELS

Due to changing consumer trends, and shifts between different channels, JDE Peet's is constantly focused on delivering excellent service in all markets and channels. To achieve this, we work to further strengthen and optimise our operational network. In addition, our supply chain and operations teams focus on ensuring business continuity.

3. MINIMISING THE ENVIRONMENTAL FOOTPRINT OF OUR OPERATIONS AND SUPPLY CHAINS

Mastering execution in a responsible way, while minimising our environmental footprint, is a priority. We aim to source, operate and manage our supply chain in a sustainable way. To help achieve this, we have embedded sustainability metrics in several of our business decision processes, including those related to investments and innovation, empowering our people to take informed decisions. We continue to invest to deliver information where needed, while aligning on stakeholder needs.

GROW TOGETHER

Grow together is the third pillar of our strategy, which focuses on championing an inclusive ecosystem, where all ideas, perspectives and backgrounds are considered. Our sustainability agenda is consolidated under Common Grounds, our CEO-led sustainability programme that has become the home of our sustainability journey.

In 2023, we performed our first double materiality assessment as part of our triennial review, helping ensure that we hear the voices of all our stakeholders and determine associated impacts, risks and opportunities. Carrying out a review once every three years let topics evolve, gives sufficient time to implement actions based on outcomes, and enables the company to align with periodic strategy updates, such as the Value Creation Plan.

More information on our material topics, and how these are addressed through our strategy, can be found in the Common Grounds section of this report.

OUR APPROACH

OUR OMNI-CHANNEL APPROACH

We believe that coffee & tea make the world go round, and, every day, millions of people enjoy coffee & tea products supplied by JDE Peet's. Because customers and consumers want to access our products in ways that align with how they live, it is vital that we connect with them through as many channels as possible. This is why we sell our full product range through a go-to-market approach that covers the entire spectrum of sales channels.

IN-HOME CONSUMPTION

RETAIL CHANNELS

Offering a high-quality coffee & tea experience at home

Our consumer-packaged goods (CPG) business offers a complete range of coffee & tea products to meet consumer preferences and price partitions, including:

- Instant coffee (pure and mixes)
- Various single-serve formats
- Roast whole beans
- Roast and ground
- Ready-to-drink coffee beverages
- Variety of loose leaf and packaged tea products.

Our CPG business focuses on hypermarkets, supermarkets, traditional trade markets and, in markets where they operate, buying groups.

ONLINE SALES CHANNELS

Convenience, choice and world-class innovation

The sale of coffee & tea through online sales channels experienced another year of strong growth in 2023. In recent years, we have invested heavily in this fast-developing channel, and we now offer a wide portfolio direct to consumers through branded DTC webshops, market places, online platforms and leading third-party retailers.

AWAY-FROM-HOME CONSUMPTION

OUT-OF-HOME

Unique coffee solutions for every occasion

Through our Out-of-Home coffee solutions, we sell or rent a complete range of professional solutions and complementary coffee systems across the B2B sector, from offices, universities and hospitals to restaurants, airports and sports venues. These include:

- Proprietary and unique liquid coffee concentrate technology
- Multi-serve coffee (roast & ground and roast whole beans)
- Various single-serve formats
- Instant coffee (pure and mixes)
- Ready-to-drink coffee beverages
- Variety of tea products.

COFFEE STORES

Introducing new product offerings through coffee stores

At year end, we had 658 coffee stores in the United States, China, Malaysia, the United Arabic Emirates and Italy under leading brand names, including Peet's, Intelligentsia, Stumptown, OldTown, and 12Oz. Our coffee stores play an important role in serving consumers high-quality fresh coffee & tea, while enabling them to try new product offerings.

PERFORMANCE REVIEW AND OUTLOOK

FINANCIAL PERFORMANCE

2023 PERFORMANCE

Total reported sales increased by 0.5% to EUR 8,191 million. Excluding a -3.7% effect related to foreign exchange and 0.3% related to scope and other changes, total sales increased by 3.9% organically. Organic sales growth reflects a price effect of 4.7% and a volume/mix effect of -0.8%. Volume/mix sequentially improved from -3.3% in H1 to 1.8% in H2. In-Home sales increased by 3.3% and sales in Away-from-Home increased by 6.4%.

Adjusted EBIT increased organically by more than 6%, excluding Russia's performance. Including Russia's performance, total adjusted EBIT increased organically by 1.1% to EUR 1,128 million supported by an organic increase in adjusted gross profit of 2.9%. In FY 23, the organic adjusted EBIT growth improved sequentially from -3.0% in H1 to 5.5% in H2. Including the effects of foreign exchange and scope/other, the adjusted EBIT decreased by 8.1%.

Underlying profit - excluding all adjusting items net of tax - benefited from stronger core operating performance (+7.8%) which was offset by fair value changes of derivatives & gains and losses in FX (of which the majority in 2023 is non-cash), translational FX results, and scope/other. Including these, the underlying profit decreased by 20.8% to EUR 734 million.

Net leverage was 2.73x (net debt to adjusted EBITDA), despite currency headwinds, with a net debt of EUR 3.9 billion on 31 December 2023.

Our liquidity position remains strong, with total liquidity of EUR 3.5 billion consisting of a cash position of EUR 2.0 billion and available committed RCF facilities of EUR 1.5 billion.

In EUR million, unless otherwise stated:

	2023	2022
Sales	8,191	8,151
Organic change	3.9 %	
Operating profit	685	949
Financial income and expenses	(143)	69
Share of net profit / (loss) of associates	(5)	—
Income tax expense	(173)	(257)
Net income	364	761
Adjusted EBIT	1,128	1,227
Organic change	1.1 %	
Adjusted EBITDA	1,426	1,530
Reported earnings per share (EUR)	0.76	1.57
Underlying earnings per share (EUR)	1.51	1.91
Net debt	3,890	4,050
Free cash flow	522	1,358
Net leverage ratio	2.73x	2.65x

SEGMENT REVIEW

EUROPE

In EUR million, unless otherwise stated:

	2023	2022[2]	Change	Organic change
Sales	4,719	4,548	3.8 %	4.0 %
Adjusted EBIT	1,006	926	8.6 %	8.6 %

Europe continued its sequential performance improvement in H2 23 with an increase in volume/mix of 5.2% and 2.6% in price. For the full year, organic sales growth of 4.0% was driven by an increase in price of 6.4% and a decrease in volume/mix of 2.4%. Notable strong performances were delivered in countries such as France, Switzerland and most Eastern European markets, and from brands including L'OR, Jacobs and Senseo.

Reported sales increased by 3.8% to EUR 4,719 million, including a net negative effect of 0.2% from foreign exchange and changes in scope/other. Adjusted EBIT increased organically by 8.6% to EUR 1,006 million, driven by an increase in gross profit. Based on a 4-year CAGR, the organic adjusted EBIT growth was -2.7%.

LARMEA

In EUR million, unless otherwise stated:

	2023	2022	Change	Organic change
Sales	1,498	1,616	(7.3)%	4.7 %
Adjusted EBIT	147	296	(50.4)%	(21.1)%

Organic sales growth of 4.7% consisted of an increase in volume/mix of 2.7% and 2.0% in price. Most markets in LARMEA continued to perform well, which was partly offset by the brand transition of our main international brand in Russia to a local brand, and declining prices in Brazil as a result of lower green coffee prices.

Reported sales decreased by 7.3% to EUR 1,498 million, including a net negative effect of 12.0% from foreign exchange and changes in scope/other. Adjusted EBIT decreased organically by 21.1% to EUR 147 million, reflecting a high base of comparison, transactional forex impact and the brand transition in Russia. Excluding Russia's performance, the organic adjusted EBIT growth was positive. Based on a 4-year CAGR, the organic adjusted EBIT growth of LARMEA was 6.0%.

[2] Restated for the combination of the segments CPG Europe and Out-of-Home, see note 2.1 of the Consolidated Financial Statements

PEET'S

In EUR million, unless otherwise stated:

	2023	2022	Change	Organic change
Sales	1,153	1,141	1.1 %	3.9 %
Adjusted EBIT	141	147	(4.0)%	(1.0)%

Organic sales growth of 3.9% was driven by an increase of 2.1% in volume/mix and 1.8% in price. Same store sales and ticket size were up in Peet's coffee retail stores, and while the In-Home category in the US was softer, Peet's' CPG business held market shares.

Reported sales increased by 1.1% to EUR 1,153 million, which included a foreign exchange effect of -2.9%. Adjusted EBIT decreased organically by 1.0% to EUR 141 million, including higher investments in marketing spend. Based on a 4-year CAGR, the organic adjusted EBIT growth was 11.3%.

APAC

In EUR million, unless otherwise stated:

	2023	2022	Change	Organic change
Sales	791	814	(2.9)%	2.1 %
Adjusted EBIT	135	123	9.7 %	15.2 %

Organic sales growth of 2.1% was driven by an increase of 4.9% in price and -2.8% in volume/mix. Performance was geographically broad-based, with notable strong performance in countries such as Malaysia, Thailand and New Zealand, and from brands including Campos and OldTown.

Reported sales decreased by 2.9% to EUR 791 million, including a foreign exchange effect of -5.0%. Adjusted EBIT increased organically by 15.2% to EUR 135 million. Based on a 4-year CAGR, the organic adjusted EBIT growth was 2.8%.

NON-IFRS MEASURES

These materials contain non-IFRS financial measures (Non-IFRS Measures), which are not liquidity or performance measures under IFRS. These Non-IFRS Measures are presented in addition to the figures that are prepared in accordance with IFRS. JDE Peet's' use of Non-IFRS Measures may vary significantly from the use of other companies in its industry. The measures used should not be considered as an alternative to profit / (loss), revenue or any other performance measure derived in accordance with IFRS or to net cash provided by operating activities as measure of liquidity. More information on the Non-IFRS Measure adjusted EBIT can be found in note 2.1 of the Consolidated Financial Statements section of this report. Further information on the definitions of these Non-IFRS Measures can be found under the Glossary section in this report. Although the non-IFRS financial measures presented are not measures of financial performance or liquidity under IFRS, JDE Peet's uses these measures to monitor the underlying performance of its business and operations. These measures have not been audited or reviewed by our external auditor. Bridges from the IFRS measures to non-IFRS measures are presented below (in EUR million, unless otherwise stated):

	Reported sales	Adjusting items	Reported sales	FX impact	Scope & other	Organic sales
Sales	8,191	—	8,191	303	(24)	8,470

:

	Gross profit	Adjusting items	Adjusted gross profit	FX impact	Scope & other	Organic adjusted gross profit
GP to organic adjusted GP	3,018	33	3,051	129	(4)	3,176

	Operating profit	Adjusting items	Adjusted EBIT	FX impact	Scope & other	Organic adjusted EBIT
Operating profit to adj. EBIT	685	443	1,128	68	63	1,259

	Operating profit	Adjusting items	Adjusted EBIT	Adjusted D&A	Adjusted EBITDA
Operating profit to adj. EBITDA	685	443	1,128	298	1,426

UNDERLYING PROFIT FOR THE PERIOD

In EUR million, unless otherwise stated:

	2023	2022
Operating profit	685	949
Adjusting items:		
- ERP system implementation	(7)	(8)
- Transformation activities and corporate actions	(126)	(67)
- Share-based payment expense	(44)	(37)
- Mark-to-market results	39	(54)
- Amortisation of acquired intangible assets and M&A/Deal costs	(305)	(112)
Adjusted EBIT	**1,128**	**1,227**
Adjusted net financial income/(expenses)	(143)	(15)
Adjusted taxes	(254)	(286)
Adjustments for NCI shareholders	3	10
Underlying profit for the period	**734**	**936**

An overview of the adjusting items can be found in note 2.1 of the Consolidated Financial Statements section in this report.

UNDERLYING EFFECTIVE TAX

In EUR million, unless otherwise stated:

	2023	2022
Reported income tax expense	**(173)**	**(257)**
Reported effective tax rate	**32.2 %**	**25.2 %**
Adjustments:		
Tax reserves, tax audit adjustments and reversals of previous recognised deferred tax	5	3
Tax effect on adjusting items	(86)	(32)
Underlying income tax expense	**(254)**	**(286)**
Underlying effective tax rate	**25.8 %**	**23.6 %**

OUTLOOK

OUTLOOK 2024

JDE Peet's aims to achieve the following in 2024:

- Organic sales growth at the lower end of the medium-term range of 3 to 5%
- Mid-single-digit organic adjusted EBIT growth excluding Russia's performance;
  Total company: low single-digit growth in H1 and mid-single-digit growth in H2
- Net leverage of around 3x (including Maratá and Caribou transactions) supported by Free Cash Flow above the level of FY 23
- A stable dividend

Our sustainability outlook for 2024 is incorporated in the respective Common Grounds pillars.

MEDIUM-TERM TARGETS

For the medium-term, JDE Peet's targets organic sales growth of 3 to 5%, mid-single-digit organic adjusted EBIT growth, and stable to increasing dividends over time.


Common
Grounds

COMMON GROUNDS

Since 2021, we have further increased our focus on creating a better future for our people, the planet and JDE Peet's. And looking back on the last two years, it is evident that we have made strong progress. Our ambition and strategy are clear, we have engaged with our entire organisation and beyond to define and deploy our roadmaps, and we have developed tools to guide our decision-making and track our progress.

At the same time, what has become increasingly obvious to us is the impact we are having, and more importantly will continue to have, on the future of our people, the planet and JDE Peet's. Sustainability is a journey where every step counts. And while we should stay humble in this early stage of our transition, we also need to recognise the efforts and results we have already delivered.

The shift in our Responsible Sourcing pillar is leading to an exponential increase in our direct involvement at origin. The more than 60 farmer projects that we currently manage directly, contribute to improved farmer livelihood, fighting unacceptable labour practices, and protecting nature by targeting the root causes of issues, which are often driven by extreme poverty and the need for investment, such as in childcare centres and quality coffee seedlings.

> **COMMON GROUNDS SUPPORTS JDE PEET'S' AMBITION TO CHAMPION SUSTAINABLE GROWTH IN THE COFFEE & TEA SECTOR**

Coffee farmers, and smallholder farmers especially, are essential to our sustainable growth ambition. This is why building resilient farming is so critical. Coffee yields can vary enormously, from a couple of hundred kilograms per hectare to several tonnes per hectare, depending on the country, with Brazil and Vietnam leading the way. Our agricultural training programmes, delivered by our partners at origin, work to continuously bridge this gap. This is the first step towards improving farmers' livelihoods and helping them exit extreme poverty. And the impact on farmer income goes far beyond uncertain pricing support, helping to provide farmers with such sustainable assets as education or quality coffee seedlings.

Since 2015, we have reached 700,900 farmers and our commitment to coffee farmers continues. Each year we increase our investment to help build a stronger and more sustainable coffee supply chain.

The future of coffee farming is also closely linked to the well-being of our planet and its climate. Here again, we are actively playing our part. Not only did we commit to the Science Based Target initiative in 2021, but we have also been diligently delivering on our targets to reduce our Scope 1, 2 and 3 greenhouse gas (GHG) emissions. The decisions we make along our supply chain and in R&D, to reduce our carbon footprint and packaging waste while being mindful of health and nutrition, guide our business and help us understand the impact on our financial and non-financial performance.

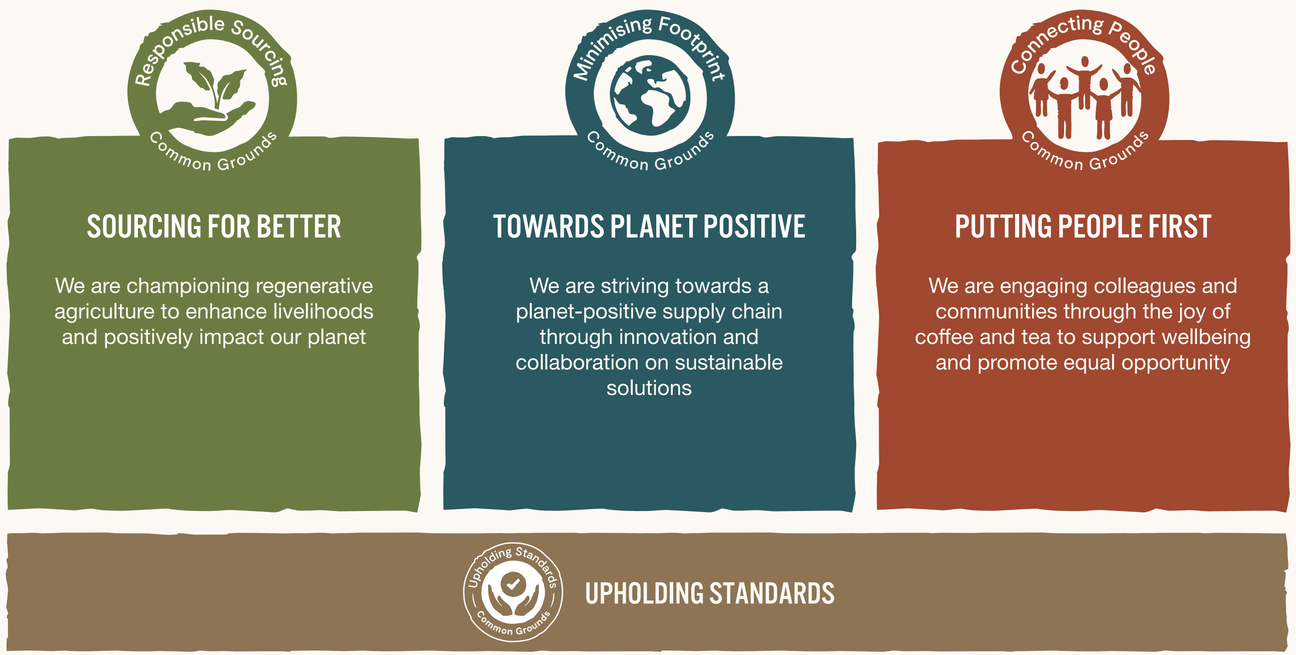
This is increasingly related to our business performance, as our customers are engaged in the same journey, especially when it comes to climate. Our customers need to decrease GHG emissions to help deliver on their financial growth, and JDE Peet's is positioned as a partner of choice because we are committed to delivering carbon reduction. Our product range contributes directly to both the financial growth of our customers and the delivery of their planetary ambitions. Delivering on the triple bottom line is becoming a true competitive advantage, which we can leverage to deliver sustainable growth.

Finally, none of this would be possible without the support and engagement of our people and our partners along the value chain. Sustainable growth involves a mindset change, and it will require us to get the best out of our teams and leverage our diversity to find solutions for the future.

JDE Peet's stands out among coffee companies through its commitment to authenticity, engagement, inclusiveness and intentionality. Our primary goal is to create meaningful impact. We strongly believe that the future of the coffee & tea industry hinges on our ability to strengthen resilience across the entire value chain. This strategy equips us to navigate future challenges while fostering growth to support our stakeholders effectively. We are still at the beginning of our journey and, despite our strong start, the effort required to deliver on our ambition remains great. However, we will continue to focus on delivering true impact and ensuring a better future for coffee & tea.

Laurent Sagarra
Vice President Sustainability

THE THREE PILLARS OF COMMON GROUNDS



JDE Peet's' Common Grounds 2023 commitments and progress

Common Grounds pillar	JDE Peet's' sustainability commitment	Year	Result 2022	Result 2023
Responsible Sourcing	Working towards 100% responsibly sourced green coffee	2025	77 %	83.8 %
	Working towards 100% responsibly sourced tea	2025	27 %	40 %
	Working towards 100% responsibly sourced palm oil	2025	100 %	100 %
	Directly reaching 500,0000 smallholder farmers (since 2015)	2025	590,000	700,900
Minimising Footprint	Reduce absolute Scope 1 & 2 GHG emissions by 25% (vs 2020)	2030	15 %	21 %
	Reduce absolute Scope 3 GHG emissions by 12.5% (vs 2020)	2030	(1)%	9 %
	100% of our packaging components designed to be reusable, recyclable or compostable	2030	78 %	79 %
	18% water intensity reduction per tonne of production (vs 2020)	2030	6 %	1 %
	Halve our total waste (vs 2020)	2030	(20)%	(37)%
	Maintain waste-to-landfill under 1%	2030	1.3 %	1.1 %
Connecting People	40% women in leadership positions	2025	41 %	41 %
	100% of manufacturing sites food safety and quality verified by an international recognised certification body	2025	75 %	85 %
	0.4 Total Recordable Incidents Rate	2030	0.46	0.59

One of our most material challenges is the responsible sourcing of coffee & tea, our two key raw materials, which are grown in countries that face significant socio-economic and environmental challenges. Common Grounds aims to address these challenges by identifying the main issues occurring along the entire supply chain, so that we can work with supply chain participants to develop solutions that ultimately lead to value creation for the company and our stakeholders.

One example is low coffee yields that impact some growing regions, and which can place farmers under financial strain and potentially lead to deforestation, as smallholder farmers seek to increase their production area. This, in turn, exacerbates climate change, further compounding the problems farmers face.

Our response through Common Grounds is to co-fund the development of resilient coffee cultivars and the promotion of regenerative agricultural practices, as well as investing in projects to build the capacities of smallholder farmers. We believe that training farmers in regenerative agriculture will lead to improved coffee yields and farmers' income, while helping to prevent deforestation. This will contribute to a sustainable coffee supply going forward, benefiting all of our stakeholders.

Throughout this section, we explain the progress we made in 2023 across the three pillars illustrated above, from GHG emission reduction along the value chain in line with our SBTi commitment, to multiple initiatives aimed at reducing energy, water and packaging waste; from our responsibly sourced raw materials to active smallholder farmer projects across the world to secure these materials and improve farmer livelihoods; and from our employees and all relevant stakeholders to our initiatives in place to provide an inclusive and safe place to work.

OUR THEORY OF CHANGE*

INPUT

Responsible Sourcing – Common Grounds

- Farmer training and capacity building
- Government, supplier, and stakeholder engagement
- Research programs and collaborative initiatives
- Restoration programs
- Agricultural services and inputs
- Build and lead collective action

Minimising Footprint – Common Grounds

- Management operation systems
- ISO standards and policies
- Investment roadmaps

Connecting People – Common Grounds

- Talent and human capital management
- Safety, health and nutrition programs
- Community initiatives and engagement
- Diversity, Equity, and Inclusion programs

OUTPUT

- Compliant & transparent supply
- Coffee availability & origin diversity
- Child labour risk mitigation & remediation
- Farmer financial literacy

- Adoption of good agricultural practices
- Nature conservation and restoration

- Renewable Energy
- Energy efficiency
- Water use reduction
- Wastewater controls
- Emissions controls
- Recyclability, recycled content and packaging intensity

- Safe, healthy, inclusive, diverse and compliant working environment
- Food safety and quality certified manufacturing sites
- Women in leadership positions

OUTCOME

- 100% responsibly sourced green coffee, palm oil, and tea by 2025
- Household income above poverty line (2$ / day / person)
- Supply chains respecting human rights (no child labour and forced labour)

- Low carbon farming
- Skilled farmers
- No deforestation and land conversion
- Diversified farmer incomes
- Improved coffee yields

- Net Zero & carbon sequestration
- No pollution
- Minimal resource use (water, energy, materials)
- Emisisons reduction
- Zero waste
- Circular resource flows

- No gender pay gap
- Safe, healthy and compliant working conditions
- Satisfied consumers and customers
- Associate engagement and satisfaction

IMPACT

Business continuity & growth:

- Coffee available in necessary quantity, at the right price
- Compliant to import regulations
- Maximise resource efficiency and asset value
- Deliver stakeholder's epectations on sustainability commitment
- Roaster and brands of choice for customers and consumers

Prosperous farmers and engaged coffee ecosystem:

- Prosperous and climate resilient farmers
- Resilient supplier base
- Coffee value chain respectful of human rights and protecting the farmers, their workers, communities and the consumers
- Safe, healthy, and engaged employees and communities

Thriving nature:

- Climate positive and resilient coffee value chain
- Protection and enhancement of biodiversity, soil, water and nature services
- Ongoing resource availability

* Theory of change is based on: Patricia Rogers, 2014, Theory of Change, Methodological Briefs—Impact Evaluation No. 2, UNICEF Office of Research, Florence

RESPONSIBLE SOURCING

SUMMARY KPIs[3]

Responsibly sourced raw materials purchases

Green Coffee Global	Green Coffee Europe	Tea	Palm oil
83.8%	97%	40%	100%

Smallholder farmer engagement

Total number of smallholder farmers reached[4]	Smallholder farmers reached in 2023[5]	No. of active projects	Active projects in no. of origins
700,900	110,900	63	23

Deforestation-free main commodities

Mapped coffee plots[6] that are deforestation-free	Virgin paper and pulp certified
99.9%	34.4%

[3] More information can be found in the Overview of our non-financial information tables and the Non-financial information section of this report.
[4] Cumulative smallholder farmers reached since 2015.
[5] Newly registered and trained smallholder farmers during 2023.
[6] For more details of our ongoing deforestation-free assessment refer to the Nature section of this report.

APPROACH: ASSESS, ADDRESS, PROGRESS

Our Common Grounds programme embodies our ambition to positively impact people, our planet, and the future of coffee & tea, and is driven by our purpose "To unleash the possibilities of coffee & tea for a better future". The success and resilience of our business is reliant on our ability to deliver positive social and environmental impacts along our supply chain.

Our Assess, Address, Progress approach enables us to take action to prevent or reduce any negative impacts we have on people or the environment in our supply chain. It builds on our years of knowledge and experience in coffee & tea and the introduction of new tools and technologies that we believe will support our ambition.

By focusing on transparency and data-based business decisions, we are able to directly engage and support farmers and nature. We are fully aware that many issues are complex and will take years to solve, and that we cannot act alone. While acting responsibly and doing our part, we will also continue to engage suppliers and our partners in collaborative actions in coffee & tea sourcing origins.

- **Assess**: We apply third-party assessments to understand and map our supply chains and identify focus areas. This includes a representative sample of on-the-ground farmer assessments, covering critical areas such as child labour, working conditions, climate and nature, as well as engaging our suppliers in self-assessments to determine their responsible business practices and risks and opportunities of farming communities.

- **Address**: We use the information and insights to address identified gaps by establishing multi-year farmer programmes, where we partner with farmers, cooperatives, suppliers, NGOs, and governments to improve standards across the relevant focus areas identified by these assessments.

- **Progress**: We chart and further our progress by measuring key performance indicators (KPIs) within our farmer programmes, sharing and learning from the insights of the interventions.

It is this rich diversity of origins and smallholder farmers that we need to continue to protect and invest in to safeguard the future of both coffee & tea, and this is reflected in both our sourcing strategy and the geographic reach of our farmer programme. In line with our climate risk (see the TCFD analysis of this report) we are investing in long-term solutions to ensure that sustainable coffee & tea farming is future-proof, despite the climate crisis and the challenges this brings to crop production and the continuing social and economic disruptions that affect the most vulnerable farmers and their communities.

As a sector, we are also seeing a dramatic increase in the number and scope of regional and national laws and regulations focusing on social and environmental reporting and due diligence. At JDE Peet's, we have refined our approach in responsible sourcing to our extended supply chains following the principles of internationally recognised frameworks, such as the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct. This means we are applying a data-driven, risk-based approach, and actively taking ownership of what we consider to be the most important of all challenges for our business – securing the future of coffee & tea. Our goal is to drive genuine change to protect and build long-term resilience for our business.

We are serious about coffee & tea — it's what we know and do best. Yet, producing amazing cups of responsibly sourced coffee & tea is not a simple exercise. It takes dedication and expertise, from agricultural research and science, to the smallholder farmers and workers who grow and harvest the plants, collection, processing, and quality control, through to the final product that ends up in one of our iconic brands. This is why we believe responsible sourcing is about understanding our supply chain and taking action to avoid, mitigate and address the risks when sourcing the agricultural commodities we rely on.

PROGRESS IN 2023

During the year, we made strong progress towards our commitment of 100% responsibly sourced green coffee by 2025, reaching 83.8% (2022: 77%), including 97% responsibly sourced into Europe. By year end, we had a portfolio of 63 active projects, through which we have reached more than 108,000 smallholder farmers in 2023, bringing the total number of smallholder farmers we have reached since the inception of the Common Grounds programme to 700,900. We continued to work with Enveritas, a non-profit organisation that has pioneered a data-driven approach to sustainability. For 2023, Enveritas's assessments of our supply chain covered 440,290 farms in 23 countries.

In line with the Global Coffee Platform's Coffee Sustainability Reference Code, we updated our Responsible Coffee Sourcing Principles during the year, identifying four components as critical in terms of severity and negative impact: child labour, forced labour, deforestation, and banned pesticides. We aim to address these issues with the highest priority when they are found in our supply chain.

Another key topic in 2023 was the progress we are making in strengthening our Human Rights Due Diligence Approach, details of which can be found in the Human Rights section of this report.

Our suppliers form an important part of our responsible sourcing journey, with the majority having vertically integrated operations in the producing origins, including sustainability and commercial teams working closely with coffee farmers and the local infrastructure. Their business practices, insights and on-the-ground operations offer detailed insights into the coffee supply chain.

In 2023, we issued the fourth edition of our Supplier Self-Assessment Form (SAF). This is designed to help us understand both the level of alignment of our coffee suppliers to our Responsible Sourcing Principles and the levels of risk perceived in the regions from where we source our green coffee. Additionally, it serves as the cornerstone to our due diligence approach. We sent 249 self-assessment forms to 88 green coffee suppliers representing unique supplier-origin country combinations, with a response rate of 83%.

OUTLOOK

In 2024, we will continue our journey towards 100% responsibly sourced raw materials. As part of our supplier engagement, each participating supplier will receive country-specific sustainability scorecards, which aim to facilitate a shared understanding on key sustainability issues and, where applicable, draw out corrective action plans.

At the beginning of the year, we will consolidate the risk assessments we carry out across our coffee & tea landscape, and compare these with our suppliers.

We will also continue to be actively involved in collaborative initiatives with other industry players, governments and civil society actors. Key focus areas will be on nature, regenerative agriculture and human rights. We are also expanding our risk-based approach for deforestation and human rights across our supply chains.

SMALLHOLDER FARMER ENGAGEMENT: FURTHER OUTREACH AND EXPANSION

APPROACH

Our Common Grounds programme dates back to 2015, and we have increased both the scale and reach through investments and partnerships in our key sourcing regions. Through this programme, we are partnering with farming communities, suppliers, non-governmental organisations, and local government bodies to deliver smallholder farmer projects that implement sustainable and regenerative farming practices, including climate-smart agriculture, crop quality, biodiversity, and farmer livelihoods. The goal is to further develop resilient environmental and socio-economic systems, which is vital if we are to safeguard our collective future. With coffee & tea produced predominantly by smallholder farmers in over 70 countries, our journey of engagement and responsibility clearly begins with the farmers and workers in our supply chain.

Each of our projects are designed with the smallholder farmer and community in mind, with activities and interventions that can drive meaningful change, are scalable to reach more people, and can be replicated in other areas. To measure the effectiveness of the engagement, we collect data for monitoring and evaluation and to chart farmers' response to the engagement.

COLLABORATION IS CRUCIAL

While we take responsibility to address the priority issues in our supply chains and continue to expand our farmer programme to include more farmers and geographies, the challenges the coffee & tea industry face are complex and must be tackled collectively.

Securing the future of coffee requires more prosperous living for smallholder coffee farmers. As a founding signatory of the ICO Public Private Taskforce, we are working with sector peers in the Living-Prosperous Income Workstream to tackle poverty among coffee farmers by assessing real and target income in coffee producing countries. There is a collective interest to close the gap between the real and living income for coffee farmers.

As an active member of the Global Coffee Platform (GCP), we have played a role in the development of GCP's new strategy of achieving transformational change for the prosperity of one million smallholder coffee farmers. In 2023, JDE Peet's was one of eight companies that contributed USD 1.5 million to GCP's 2030 goal. This targeted funding goes towards setting up collective initiatives around living income, climate adaptation and sustainability.

COLLECTIVE ACTION LOCALLY AND GLOBALLY

"GCP has demonstrated that change beyond supply chains is possible when GCP member companies work with our NGO and government partners through collective action. This pre-competitive collaboration is crucial to generate adequate levels of investment and change. No one company can be effective by itself. Collective action is essential to not just ensure compliance but also accelerate measurable sustainability at scale."

Carlos Brando,
Chair Global Coffee Platform

"As a pure play coffee business, some of our material topics include farmer livelihoods, sustainable agriculture, human rights and climate action, all of which are embedded in our sustainability programme Common Grounds. We have actively supported over 690,000 smallholders through our inclusive Assess, Address and Progress approach. However, many sustainability challenges require systemic change and collaborative action if we want to see thriving, prosperous coffee farmers today and tomorrow."

Nadia Hoarau-Mwaura (Sustainability Director JDE Peet's)
Board Member - Global Coffee Platform

We are also keenly aware that research and science are essential for securing a long-term, sustainable supply of quality coffee. Our engagement with World Coffee Research (WCR) is one of the ways to urgently speed up the availability and access of improved varieties and better coffee plants to farmers. The research we conduct will determine what coffee we drink in the future—and using advances in agricultural science it is possible to dramatically improve coffee yields, quality, climate resilience and farmer profitability.

PROGRESS IN 2023

We are proud to say we exceeded our 2025 commitment early, and through our Common Grounds programme we have set up over 15 projects in 23 countries, reaching over 110,000 smallholder farmers in 2023. We are creating value through the clear (commercial) investment choices we have made to address priority issues in the supply chain. This means:

- Working with farmers to provide technical assistance on climate-smart agriculture
- Setting up nurseries and mother gardens to distribute disease- and climate-resilient coffee varieties
- Addressing water sanitation issues in local communities
- Increasing farm productivity through training, coaching and support, including on alternative sources of farm income
- Promoting women's involvement and empowerment in all our projects
- Increasing the involvement of youth, creating employment opportunities in rural areas and within the coffee value chain.

OUTLOOK

We continue to grow and scale up our farmer programme in the key origins in our supply chain, and it is important that we are able to represent the rich diversity of origins and farmer producing realities. In 2024, we plan on introducing new programmes in Africa, where there are many opportunities to generate positive long-term impact among smallholder farmers.

SHAPING THE FUTURE OF COFFEE

Since 2012, JDE Peet's has invested in World Coffee Research (WCR) to drive innovation in coffee agriculture and secure a more sustainable future for our industry. The challenges facing coffee production are multifaceted and complex, but innovation can create new solutions. Through World Coffee Research, JDE Peet's unleashes the power of plant varieties to urgently secure a diverse and sustainable supply of quality coffee today and for generations to come.

> *"Coffee agricultural innovation ensures farmers have access to climate-resilient varieties for decades to come. Through shared investment with WCR member companies, JDE Peet's is ensuring that coffee remains a strong business opportunity for farmers around the world."*
> —Dr. Jennifer "Vern" Long, WCR CEO.

Highlights from our year in collaboration include:

- Support to launch Innovea, the world's first global, collaborative programme to breed new, climate-resilient arabica coffee varieties, involving nine countries around the world. Over 5,000 novel seeds are germinating globally.
- Releasing a new arabica DNA fingerprinting tool for commercial availability, which dramatically reduces the cost of variety identification and genetic traceability for quality assurance in renovation projects.
- Calculating coffee's $452 million/year innovation crisis in agricultural research in order to mobilise greater global funding of coffee agricultural research for key origins like Ethiopia.
- Supporting the world's millions of Robusta coffee farmers to make more informed decisions about which varieties to plant through an open-access Robusta Variety Catalog, as well as resources to support higher-quality trees like a Robusta grafting manual and nursery management videos.


ACTIVE PROJECTS MAP
HONDURAS
MARTINIQUE
GUATEMALA
COSTA RICA
COLOMBIA
PERU
BRAZIL
COTE D'IVOIRE
TURKEY
UGANDA
RWANDA
TANZANIA
ZAMBIA
ETHIOPIA
KENYA
MALAWI
INDIA
CHINA
PHILIPPINES
PAPUA NEW GUINEA
MALAYSIA
VIETNAM
INDONESIA
JDE Peet's
Common Grounds
63 PROJECTS
ACTIVE PROJECTS WITH SMALLHOLDER FARMERS
23 COUNTRIES
WORLDWIDE
700,900
SMALLHOLDER FAMERS REACHED DIRECTLY SINCE 2015
AN INTERACTIVE PROJECTS MAP CAN BE FOUND ON OUR WEBSITE

COFFEE: SUSTAINABLE AGRICULTURE

APPROACH

As a pure-play coffee & tea company, we are fully aware of our responsibility and the importance of safeguarding the future of coffee, a better future where farmers are prosperous, and nature thrives. Our double materiality assessment confirmed farmer livelihoods, biodiversity, human rights and sustainable agriculture as material topics under the Responsible Sourcing pillar.

Coffee is imported from over 70 countries, where it is cultivated on 12.5 million coffee farms, of which 85% are smaller than 2 hectares. It has been estimated that smallholder farmers produce up to 73% of all coffee. To adapt to market quality definitions, 95% of the coffee that reaches a processing mill or a cooperative will be classified, blended and homogenised in compliance with the importing market and clients' requirements. Because of how the coffee value chain is structured, in each 60 kg bag of green coffee it would be possible to find beans from up to 100 different locations. This makes achieving traceability a complex and highly cost-intensive task. Given the complexity of ensuring complete traceability to the coffee supply chain, we are making our supply chain more transparent by mapping our green coffee purchases to the specific region of a producing country using our Assess, Address, Progress approach to understand the risks and address these over time.

Our Responsible Coffee Sourcing Principles are built around three industry-aligned thematic areas that define our ambitions and related practices to address these material issues. Embedded in the principles, we clearly lay out our vision of regenerative practices, guiding our suppliers and empowering the smallholder farmers in our projects on best practices to nourish soil and water, use agrochemicals responsibly, minimise crop waste, capture carbon, and protect and regenerate farm environments. Farmer adoption of regenerative practices across our supply chain directly impacts our target to reduce GHG emissions, increase biodiversity, and protect and safeguard water systems.

PROGRESS IN 2023

As part of our goal to create a better future, we increased our expenditure to integrate more coffee volumes and expand our farmer programme. This has enabled us to achieve 83.8% of responsibly sourced coffee versus our commitment towards 100% by 2025. We sourced green coffee from over 32 countries, and for 23 of these countries we have detailed sustainability risk assessments from the specific regions traceable to our coffee purchases.

The data used to assess sustainability risks is based on randomised and unannounced surveys, which were conducted by Enveritas among suppliers and across sourcing regions of our supply chain during the 2023/2024 coffee harvest season. To ensure we have a holistic view of the risks, we also use information from Rainforest Alliance and 4C certification audits and country reports.

The focus on regenerative agriculture increased across many of our farmer projects through locally relevant technical support and financial assistance to farmers. Essentially, we need to encourage regenerative agriculture as this type of farming, when adopted to local conditions, helps nature and farmers to flourish together. To be restored and protected, the soil needs to have organic matter returned to it, and the farmers know this. Many of the farmers we have spoken to, when asked what is the most important thing on their farm, respond: "the soil, el suelo".

In the municipality of Victoria, Yoro in Honduras, brothers Pedro and Doroteo Martínez are living examples of strong commitment to regenerative farming.

On their farm, they breed earthworms to obtain foliars[7], they collect wastewater in barrels and in a well, and they mix the pulp to make organic fertilisers. This on-farm production of organic fertiliser has significantly reduced their costs of using synthetic agrochemicals. They understand the importance of working in harmony with the environment, which has helped them become successful producers and community leaders. The Martínez brothers are two of the 8,000 farmers in the Coffee Alliance project that we have been partnering with since 2018 through CoHonducafe and USAID.

More information on our farmer programmes can be found in the Active projects map section of this report.

OUTLOOK

As we strengthen our due diligence approach to address both environmental and social issues, it is essential that we access timely and robust data from across our entire supply chain. Now, more than ever before, we need to have comprehensive and representative information to drive our actions and choices for a sustainable coffee future. A future that allows us to source compliant coffee, from a diverse range of origins, maintaining the flavours and qualities we need, and a future that is available to all coffee farmers.

Using the many insights from our supply chain risk assessments, end-line evaluations of completed projects, and our commitment to deliver against our SBTi carbon-reduction commitments, we have begun conceptualising and designing several new projects for 2024. After assessing projects that were due to end, we have concluded that a number of them still have the potential to make a positive impact. Consequently, we will scale up the size and scope of several projects in 2024 through extensions. Our focus remains on reducing our Scope 3 GHG emissions through climate-smart agriculture and regenerative agriculture.

RESPONSIBLE COFFEE SOURCING PRINCIPLES

SUSTAINABILITY OF LAND	EQUALITY OF PEOPLE	PROSPERITY OF FARMERS
Regenerative agriculture and responsible land use practices are critical to address climate change and biodiversity loss.	International standards on human rights are upheld for children, farmers and workers.	We help build capacities to make farming more economically viable.
Climate and nature Our approach is based on mitigation and adaptation to climate change. Biodiversity, natural forests, and ecosystems are protected from conversion or degradation.	**Gender & youth equality** Our partners implement locally relevant and culturally appropriate strategies to increase opportunities for women and young people.	**Farm management** With a strong emphasis on farmer participation, we support farmers to adopt good agricultural practices and we provide business and financial training.
Soil Soil fertility and conservation is maintained and improved through farmer training and appropriate soil testing.	**Child labour** We are working to get to the root causes of child labour and we are building sustainable solutions to address this.	**Yield improvement** Training in applying good agricultural practices helps increase yields, leading to increased incomes and contributes to improved livelihoods.
Water We support farmers with technology for cost-efficient wastewater disposal and help them understand how to manage and save water.	**Working conditions** We include training on safe working conditions and access to protective equipment for agrochemical application.	**Income diversification** Supporting farmers to diversify their portfolio of products helps improve efficiency of output on existing land and increase their earning capacities.

[7] Foliar feeding is a technique of feeding plants by applying liquid fertiliser directly to the leaves.

ACTIVE PROJECT

Alternative weed management strategies in Costa Rica

COMMODITY: Coffee
TIME FRAME: 2019-2023
LOCATION: Costa Rica
SMALLHOLDER FARMERS REACHED: 350
PARTNERS: Instituto del Café de Costa Rica

Weed management is one of many topics farmers must take into consideration while growing coffee. Left unchecked, weeds can siphon off valuable nutrients from coffee plants and inhibit their productivity. Short on time and other resources, many farmers rely on agrochemicals to tame weeds; however, increasingly this runs up against changing societal expectations and evolving understanding of this practice.

In response to this challenge, in 2019 we partnered with the Instituto del Café de Costa Rica (ICAFE) to identify alternative weed management options tailored to the Costa Rican coffee sector. The research-focused partnership explored multiple options, evaluating live ground cover, changing dosages, and manual weed cutting among others, all while paying close attention to affordability and accessibility for smallholder farmers. In 2023, the partnership shared its findings and recommendations with farmers, hosting 16 trainings throughout Costa Rica and trained over 350 farmers. Additionally, this partnership produced two training videos, accessible to anyone with an internet connection, to enable ongoing knowledge transfer on this important topic.

ACTIVE PROJECT

Social well-being collective action initiative

COMMODITY: Coffee
TIME FRAME: 2021-2024
LOCATION: Minas Gerais
SMALLHOLDER FARMERS REACHED: 2,000
PARTNERS: Global Coffee Platform, Cecafe, InPACTO

With our ambition towards delivering a prosperous farming community, we are partaking in a living income study in Brazil's key coffee-growing regions to define minimum productivity levels and farm size to reach a living income. Through rigorous data collection and monitoring, we will develop a vulnerability index for the coffee sector to allow risk mapping and mitigation. Results from the study will inform training and education across the value chain, and enable such targeted interventions as improving the availability of potable water, housing and lodging conditions, and remediating labour issues.

CASE STUDIES

OUR STRATEGIC PARTNERSHIP WITH SUCAFINA IN PAPUA NEW GUINEA

COFFEE PRODUCTION IN PNG

Coffee was introduced to Papua New Guinea (PNG) in 1890, and the first official exports were to Australia in 1901. At that time, most coffee was grown on large plantations on level ground. By the 1950s, smallholder farmers were growing coffee on smaller, steeper plots of land at 1,500+ metres above sea level.

Unfortunately, many of the challenges smallholder farmers faced in the 1950s remain the same today. Their remote, high-altitude location creates ideal conditions for coffee cultivation but, without a strong infrastructure, it is difficult for farmers to bring their coffee to market. This challenging infrastructure means most smallholder farmers sell their coffee to middlemen who are able to collect and transport the coffee, resulting in the smallholder farmers receiving less than they could for their coffee. Additionally, the remoteness of their growing locations means farmers struggle to access inputs, technical assistance and tools, such as pulpers.

SOURCING FOR BETTER

We began partnering with Sucafina in 2023, our first joint programme in the highlands of Papua New Guinea. This multi-year partnership aims to increase smallholder farmer equality, economic prosperity, and embed sustainable practices in one sweeping and impactful project.

HOW WILL THIS BENEFIT SMALLHOLDER COFFEE FARMERS?

With JDE Peet’s as the dedicated buyer of their coffee, the smallholder farmers have clear access to the market with a roaster who values and rewards their efforts. We believe this support and long-term vision will help give them greater security to confidently produce superb coffee.

WHAT IS THE BENEFIT TO SUCAFINA?

As a leading sustainable Farm to Roaster coffee company, Sucafina is dedicated to creating an environment where farmers can sustainably and profitably farm coffee. This project will improve coffee education, gender equality, access to markets and deforestation prevention for coffee producing communities in PNG, all of which will lead to better coffee.

What motivates JDE Peet's?
We continue to focus on origin diversity and we are connecting our commercial and sustainability efforts into a Responsible Sourcing programme on the ground. This programme is centralised around the three main pillars of our Common Grounds programme and aligned to upcoming EU regulations, and addresses:

a. **Equality of people:** gender and youth inclusion, child labour
b. **Sustainability of land:** climate change and deforestation
c. **Prosperity of farmers:** yield improvement, income diversification and farm management.

Over the course of 4.5 years, we expect to directly impact 4,000 smallholder farmers and, as with all our projects, we prioritise gender inclusion and equal access to training for all.

We constantly challenge ourselves and our partners and are proud to work in a very remote coffee origin. We remain purposeful in our strategy and are investing in a region where smallholder farmers are in much need of support.

"Actions on human rights, deforestation and carbon emissions are increasingly embedded in coffee supply chain initiatives. We are thankful to JDE Peet's for choosing SUCAFINA as a partner in Papua New Guinea to support 4,000 smallholder coffee farmers. We designed the project based on a risk assessment that highlighted the risks in the supply chains, while also suiting farmers' abilities and meeting the needs of the market.''

Alex Casserly
SUCAFINA Country Manager PNG

"The strategic partnership with SUCAFINA in Papua New Guinea, which is embedded in our Common Grounds programme, is essential to support the smallholder coffee farmers because it combines local expertise in coffee cultivation with market access and resources. This collaboration aims to increase equality, economic prosperity and embed sustainable practices. We believe in coffee origin diversification, which is essential to a more resilient coffee world. Investing in smallholder coffee farmers is not just about nurturing the present, but also about safeguarding the very essence of coffee for future generations."

Judith de Boer
JDE Peet's Global Green Coffee Partnership Programme Lead

PRESERVATION OF NATURE AND BIODIVERSITY: THE IMPORTANCE OF RICH HABITAT

APPROACH

We recognise that coffee supply chains and natural habitats, which are home to a wide range of flora and fauna, are often closely connected. Nature-related risks threaten to jeopardise business continuity and growth if left unaddressed. As the biggest biodiversity conference in a decade, the 15th Conference of Parties to the UN Convention on Biological Diversity in 2022 was a pivotal moment, giving rise to the Kunming-Montreal Global Biodiversity Framework (GBF), which contains goals and targets to protect and restore nature. As a result of this, we are now working towards a steadfast commitment to understand the pivotal drivers behind biodiversity loss and elevating our nature-focused agenda.

We are already reviewing and responding to nature and biodiversity-related risks, and our upstream value chain is embedded in our Responsible Coffee Sourcing Principles, which has Board-level oversight and executive management-level responsibility. In our Assess, Address, Progress approach to value chain impacts, we rate farmer risk in close alignment to the Global Coffee Platform (GCP) Coffee Sustainability Reference Code, which includes sustainable agriculture aspects related to soil management, agroforestry, protection of water courses, as well as other social and economic aspects. We also leverage supply chain-linked landscape reporting, which includes biodiversity topics on soil health or regenerative agriculture and the protection of water bodies.

We manage our indirect impacts on nature and biodiversity by collecting data on nature-related risks in the sourcing region, along with coffee suppliers' alignment to our Responsible Coffee Sourcing Principles through our Supplier Self-Assessment Forms, conducted in November 2023. We found that while hunting or trapping of protected species is not a key risk in our upstream value chain, several origins could benefit from our Common Grounds smallholder farmers projects, especially in the realms of promoting Good Agricultural Practices (GAP) that protects the integrity of the farm ecosystem, protects natural vegetation, prevents habitat conversion, and consequently promotes biodiversity.

PROGRESS IN 2023

As the Global Biodiversity Framework has been adopted to focus on nature, we are aligning our approach to identify and address impacts, risks, and opportunities with the Science Based Targets Network (SBTN) and the Taskforce on Nature-related Financial Disclosures (TNFD). In 2023, we became an SBTN Corporate Engagement Partner, seeking to advance our work on this topic. We follow the process set up for identifying and assessing dependencies and impact-related biodiversity through the SBTN approach. As recommended by the TNFD framework, our approach is aligned with the LEAP approach which consists of Locate, Evaluate, Assess, and Prepare. Additionally, we continued our engagement with the One Planet Business for Biodiversity (OP2B) coalition in the interest of protecting and enhancing biodiversity.

The outcome of our biodiversity risk and nature pressures assessment confirmed our double materiality assessment in 2023, which identified that for our upstream value chains, biodiversity and deforestation are material topics. Our impact screening through LCA[8] contribution analyses concluded that most non-land use change drivers are directly connected to fertiliser application (56-95%), either through emissions on farms (ammonia, NOx, phosphorus) or fertiliser production. Fertiliser production and use alone makes up 63% of our Scope 3 upstream emissions, according to third-party estimations.

For our own operations, we conducted an assessment using the IBAT (Integrated Biodiversity Assessment Tool), overlaying our manufacturing sites with datasets from the International Union for Conservation of Nature (IUCN)'s Red List of Threatened Species, the World Database on Protected Areas and the Word Database of Key Biodiversity Areas. We found that six of our manufacturing units, with an estimated operational site size of 17.42 km^2, are located in or near three terrestrial biodiversity value areas: Plaine du Forez in France, Doğu Karadeniz Dağları in Turkey and Mittelwesermarsch in Germany. However, none of our sites in proximity of those key biodversity areas have been expanded and we continue to operate within operational consents in consideration of pollutants of local biodiversity as stipulated by local regulations.

We also recognise the interdependencies on the topics of nature and biodiversity in nature with our climate impacts. For coffee, most other biodiversity risks, such as freshwater pollution, are directly linked to factors that influence our carbon footprint. Consequently, carbon footprint is also used as a proxy. For our work on operations and the climate, please refer to the Minimising Footprint section of this report.

OUTLOOK

Looking ahead, we will continue to deepen our understanding through the SBTN approach to determine ecological thresholds before setting targets. We will assess our nature-related risks and opportunities and prepare to respond and report on material nature-related issues. In particular, when datasets from external parties and supplier self-assessment questionnaires enable us to identify coffee origins that are not managing their material issues, such as soil health, we link them to project interventions to improve their agricultural practices.

SITE POSITION IN RELATION TO AREA OF HIGH BIODIVERSITY VALUE

Inside	Adjacent (within 5 km radius)	Near (within 15 km radius)	Close (within 25 km radius)
Andrézieux	Elmshorn	Athens	Almaty
Arhavi	Johor	Iyidere	Auckland
Çamlı	Joure	Kostinbrod	Banbury
Hemelingen	Mollet	New York	Gavle
Ofcay	Utrecht	Sulaszewo	Alameda
Solaklı		Valasske Mezirici	St.Petersburg
			Bons-en-Chablais

All sites were assessed on their biodiversity risk, only sites in inside, adjacent, near or close proximity were listed

[8]LCA: Life-cycle assessment - a methodology for assessing environmental impacts associated with all the stages of the life cycle

ACTIVE PROJECT

Sustainable rejuvenation of coffee production in Western Tanzania

COMMODITY: Coffee
TIME FRAME: 2019-2024
LOCATION: Kagera, Tanzania
SMALLHOLDER FARMERS REACHED: 28,465
PARTNERS: Café Africa, Tanzania

From business as usual to "Coffee as a family business"

"I was selected to be among the lead farmers to participate in trainings on Good Agricultural Practices, and now I am sharing this with other farmers. I have been able to do intercropping on my farm by planting trees, growing bananas and installing 15 beehives. My yield has increased thanks to stumping old coffee trees and I have additional income from selling honey and bananas to a local market. My family has benefited from the income from our coffee farm - our family business. I have expanded my farm from 3 acres to 5 acres by purchasing more land , planting good quality coffee seedlings provided by Tanzania Coffee Research Institute (TACRI). My two children have been able to go to school and I managed to pay their tuition fees without any problem"

Mlokozi Salvatory, coffee farmer from Kenyana village, Missenyi district, Kagera

ACTIVE PROJECT

Water at the heart of the coffee grower communities in Tolima & Cauca

COMMODITY: Coffee
TIME FRAME: 2019-2023
LOCATION: Tolima & Cauca, Colombia
SMALLHOLDER FARMERS REACHED: 2,957
PARTNERS: Federación Nacional de Cafeteros de Colombia (FNC), GIZ

The success of this project is largely due to a dedicated team of agronomists and environmental experts. The main objective has been to empower the coffee grower communities to make the best decisions for their economic well-being and social and environmental development through community-driven water access and farm management initiatives. Some achievements of the project include:

- *7,294 households with access to improved water services*
- *1,903 farmers adopted water- and climate-smart good agricultural practices*
- *382 coffee mills upgraded in water efficiency systems.*

"For me, participating in phase one of the project was a deeply emotional and satisfying experience. Thanks to the support of JDE Peet's, I was able to work as an environmental and sanitary engineer. I had the privilege of working with more than 1,200 coffee-growing families in the municipalities of Libano and Villahermosa, building trust, transferring knowledge and promoting sustainable practices to generate harmony between coffee production and natural resources.

During my field trips, I was able to see transformations in the region, from improvements in the quality of life of the families benefiting from the project, to the encouragement for the start of new productive projects that strengthen issues of gender equity and generational matching. This experience has left an indelible mark, to build ties in the community, with the conviction that work in the field is essential and a driving force for positive and sustainable change in the region."

Paula Milena Cortés, environmental specialist, Libano & Villahermosa, Tolima

WATER

Coffee agricultural production accounts for 98% of our total water footprint, which is primarily rain-fed. The water stress risk associated with coffee growing is limited when compared to other crops that are more dependent on irrigation. Analysis from the World Resource Institute (WRI)'s Aqueduct Water and Food tool shows that there are 29,000 hectares of irrigated arabica coffee growing under high and extremely high water stress conditions, which means that about 8% of coffee products are produced in water stressed areas. For robusta coffee, very few are produced in water stressed areas.

The effects of climate change are leading to extreme weather patterns, with a lack or abundance of water leading to droughts or excessive rainfall, impacting coffee yields. Consequently, we are investing through our farmer programmes to further decrease our dependency on irrigation and freshwater consumption, while building resilience for future potential water scarcity and erosion protection.

We assess the water risks of our full supply chain annually. Through a combined analysis of different tools and an external analysis from Enveritas, we are able to update the risk profile of specific origins and regions. This gives us a detailed picture on how to adjust our sourcing (if necessary) and assess the materiality of the risk. For detailed insights into how we are addressing water as a material topic, please refer to Managing our water use section of this report.

DEFORESTATION-FREE SUPPLY CHAINS

Biodiversity & deforestation is one of our material topics, and we are working towards a deforestation-free supply chain in our sourcing of green coffee and paper & pulp. Having assessed our key impacts and dependencies in nature in alignment with the TNFD and SBTN approach, in 2023 we reconfirmed the importance of the protection of forests[9].

Forests are essential for storing carbon, managing temperature and rainfall pattern, protecting biodiversity, and have a key role to play in the adaptation to, and the mitigation of, climate change as a nature-based solution. Forest protection is also key to achieving our net-zero goal, as historical deforestation (looking back 20 years) accounts for 8% of JDE Peet’s carbon footprint.

Forests are often home to smallholder coffee farmers, who work in nature to sustain their livelihoods and cultivate and grow the coffee that we love. But the threat of deforestation exists from farmers who seek to expand their arable land to increase production, while selling the wood for cash. And as climate change leads to rising temperatures, we see farmers moving to colder, more elevated land to grow arabica coffees that are less resistant to temperature differences.

[9] In this section, we cover the upstream-related impact to nature and deforestation. The impact on nature and deforestation in our own operations can be found in the Minimising Footprint section of this report.

In June 2023, the European Union introduced the EU Deforestation Regulation (EUDR), as part of the Green Deal, with full obligations applying from 30 December 2024. This requires companies to ensure that products sold in, and exported from, the EU have not led to deforestation or forest degradation. We welcome the regulation, as it puts the protection of forests in the hands of those in control. While the coffee sector had done little preparation ahead of the regulation's introduction, as the industry was not considered a leading cause of deforestation, we have been ramping up our deforestation approach to ensure the livelihoods of smallholder coffee farmers are protected whilst delivering on the EUDR promise by mapping the deforestation risk of our supply chain, launching a Forest Policy and increasing engagement.

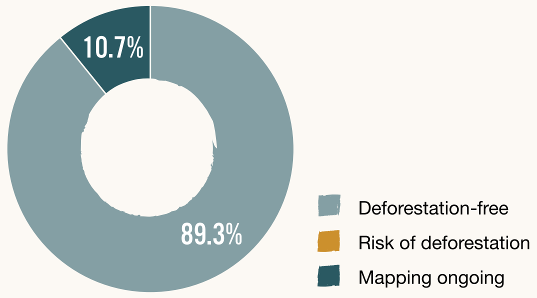
RISK MAPPING

To mitigate and address deforestation, it is first necessary to accurately understand where the risk of deforestation exists. This will enable us to target risk mitigation activities to address deforestation risk. To support us in this journey, Enveritas has developed machine learning technology, to analyse high resolution satellite imagery, coupled with ground truthing in order to map forest as per the EUDR definition, and also generate coffee plots geolocations and polygons. In 2023, Enveritas assessed 76,896 farms, training the satellite software to differentiate between coffee and other commodities. This allowed us to map coffee-related deforestation in the key sourcing regions, and we will have the full JDE Peet's coffee sourcing areas mapped by mid-2024, ahead of the implementation of the EUDR obligations.
This detailed mapping of coffee-related deforestation risk will also allow us to target mitigation programmes at origin with the ambition to eradicate coffee-related deforestation.

Since coffee plants take several years to produce berries, the quantity of coffee cultivated on deforested land after the EUDR cut-off date of 31 December 2020 was extremely limited in 2023. Of all the countries that have been mapped so far, constituting 89.3% of our purchased volume, Enveritas' ongoing risk mapping has shown that 99.9% of the coffee-growing plots analysed are free from deforestation. Our current engagement with origin countries is focused on mitigating the risk related to the <0.1% of deforested coffee plots so that to transform them back into forest and ensure that all coffee farmers can access the EU market while mitigating the deforestation risk.

We are aware that the problem doesn't end there. Our work and commitment to nature and deforestation free will require a combination of high quality assessments and continued interventions on the ground with at-risk farmers to remediate the issue through support and training to address the root cause of deforestation that is often poverty. This linked back with our farmer initiatives and their key role in our overall Sustainability journey.

Deforestation-free coffee plots volume coverage



ADDRESSING DEFORESTATION

To help the coffee sector remain deforestation-free, we launched our Forest Policy alongside our Responsible Coffee Sourcing Principles, which require our suppliers to also be deforestation-free. By 2025, we aim, through supplier engagement, to ensure deforestation is prevented for the largest commodities we purchase, namely coffee and paper & pulp. Our continued annual engagement with our suppliers through the Supplier Self-Assessment Forms creates the basis for conversations on progress towards these targets.

For paper & pulp, we believe certification (FSC/PEFC) of virgin materials is acceptable as deforestation-free. Although recycled materials contribute to the circular economy and are made from a renewable source, it is not possible to trace back their origins. Hence, we report our progress of 34.4% as deforestation-free based only on the certified part of our virgin paper and pulp packaging. However, current certification for coffee doesn't yet deliver on the rigorous standards required to ensure it is deforestation-free.

ENGAGEMENT

In 2023, we significantly stepped up our engagement with the largest coffee producing countries, the coffee industry and regulators to help ensure the EUDR is a success. Having taken a leading position as the leading pure-play coffee & tea player, explaining the complexity of the coffee supply chain and the risks of excluding smallholder coffee farmers is essential to drive a just transition to net-zero.

In an effort to keep countries deforestation-free ahead of the EUDR cut-off date, we are continuing to invest in programmes on the ground to perform forest restoration before coffee is grown on deforested land. Farmers will be supported to improve their livelihoods, whilst nature can thrive.

For example, in the Bukit Barisan Selatan National Park of South Sumatra, Indonesia, we are partnering with the Wildlife Conservation Society to prevent future forest deterioration and restore the ecological integrity of the area and rehabilitate 2,500 hectares of degraded forests. The area is home to unique species that are endangered and threatened, such as the Sumatran elephant, rhinoceros, and tiger, and the forest is under increasing threat of degradation.

ACTIVE PROJECT

Bukit Barisan Selatan Sustainable Commodities Partnership (BBS KEKAL)

COMMODITY: Coffee
TIME FRAME: 2023-2028
LOCATION: Bukit Barisan Selatan, Indonesia
SMALLHOLDER FARMERS REACHED: 3,559
PARTNERS: Wildlife Conservation Society

JDE Peet's is partnering with Wildlife Conservation Society, the community, government and other coffee companies in BBS KEKAL (which means 'everlasting;). BBS KEKAL is developing and trialling a model for 'forest positive' coffee, seeking to improve the productivity, profitability, and resilience of coffee farmers, whilst enhancing landscape sustainability, reducing conversion pressures and supporting restoration of degraded areas.

Achievements include:
- *More than 3,500 farmers engaged, registered and farm plots mapped*
- *29 farmer groups with conservation commitments*
- *Yield improvements up to 1.2 tons/hectare*
- *33,000 seedlings distributed and planted to support shade-grown coffee*
- *Four women's groups supported to develop community businesses*
- *Four new village regulations to support sustainable farming and conservation.*

ACTIVE PROJECT

Coffee sustainability: Preserving the natural ecosystem with a focus on water conservation

COMMODITY: Coffee
TIME FRAME: 2020-2024
LOCATION: Karnataka and Yemmigoondi, India
SMALLHOLDER FARMERS REACHED: 2,000
PARTNERS: Tata Coffee

This four-year project with Tata Coffee and the Central University of Kerala is pioneering water conservation by utilising winter irrigation for the production of robusta coffee, coupled with increasing pollination by establishing bee colonies that also serve as additional sources of income for the community.
- *Four irrigation tanks have been set up to irrigate 200 hectares of robusta coffee*
- *500 bee colonies installed in a 55 hectare area*

The winter irrigation has improved plant conditions and extended growth of the crop-bearing branches has been observed, which also improves the quality rating of the coffee harvested. The project also reported the presence of other pollinators and species of bees critical to the coffee pollination process.

ACTIVE PROJECT

Growing Together

COMMODITY: Coffee
TIME FRAME: 2022-2026
LOCATION: South of Minas, Brazil
SMALLHOLDER FARMERS & WORKERS REACHED: 1,011
PARTNERS: Comexim

In the south of Minas Gerais, Brazil, the nexus between coffee farming, water production, and environmental conservation has become a tangible reality for approximately 600 farmers and their workforce. Despite a growing awareness among farmers about the importance of environmental protection, the practice of releasing sewage directly into water courses persists.

Recognising this challenge, JDE Peet's, in partnership with our local supplier Comexim, is installing 100 improved sewage treatment systems to support farmers in adopting more sustainable practices. Complementing this effort, we provide scholarships to students from a local university, who, under the guidance of their professor, actively engage with each farmer to craft personalised reforestation plans during on-site visits.

This hands-on approach ensures that the reforestation strategies are tailored to the specific needs and conditions of each farmer. Furthermore, the project provides farmers with free access to customised reforestation plans, along with seedlings and other essential inputs, enabling them to kickstart the reforestation of their lands. This multifaceted project not only addresses immediate environmental challenges but also fosters a sense of collaboration and empowerment within the local farming community.

TEA: OUR RESPONSIBLE SOURCING JOURNEY

APPROACH

Tea (Camelia sinensis) is produced in over 50 countries worldwide by both smallholder farmers and larger tea estates.

Although we source less than 1% of the world's tea, we take our responsibilities extremely seriously. Smallholder farmers and workers in tea communities, our suppliers, and the tea estates with whom we have fostered long-term partnerships, are all valuable stakeholders in our supply chain. We know the best way to achieve scale and impact is through collaborative action and engagement in the sector, which we achieve by working in partnership with tea growers, suppliers, NGOs, local and national governments, and the wider industry.

PROGRESS IN 2023

In 2023, we responsibly sourced 100% of the Camelia sinensis and rooibos tea for Europe and New Zealand through Rainforest Alliance certification. Globally 40% of all the Camelia sinensis and rooibos tea we purchased globally was responsibly sourced, compared to 27% in 2022.

We remain on course to deliver our goal towards 100% responsibly sourced tea in 2025. We are in the second year of our four-year, tailor-made Sustainable Supply Chain Development programme with Rainforest Alliance in Turkey for our Ofçay brand.Our Camli tea processing plant, along with the green leaf farmers, were successfully audited against the Rainforest Alliance Sustainable Agriculture Standard and are now certified. While this is a major milestone towards our 2025 commitment, it is only one part of our sustainability journey, which remains focused on environmental conservation, social responsibility, and sustainable business practices.

The goal of the programme in Turkey remains clear: to reach over 12,000 farmers in tea growing communities and train them on sustainable practices, which will benefit the farmers and their families for generations to come.

In 2023, we completed a four-year Healthier Diets for Everyone in Tea Communities initiative, which was implemented by the Global Alliance for Improved Nutrition (GAIN) and Ethical Tea Partnership. More details on the achievements of this project, which was verified through an end-line assessment, can be found in the section below.

As part of a Gender Equity initiative, in 2023, in Malawi we partnered with Satemwa Tea Estate and Ufulu on a programme to reduce period poverty amongst female tea workers. Period poverty is defined as the inability to afford sanitary products due to financial circumstances and afflicts over 56% of women in Malawi. Ufulu worked across the Satemwa Tea Estate, holding 30 workshops during which 594 menstrual cups were distributed to women and girls in the community.

We continue to be a member of the Ethical Tea Partnership, sharing and learning with our peers and investing in collaborative programmes in our key sourcing regions. By working together, we are better equipped to tackle the deep-rooted issues and some of the most complex challenges that tea workers and smallholder farmers are facing. Some of these programmes are discussed later in this chapter.

OUTLOOK

In 2024, we will publish our Responsible Tea Sourcing Principles, which will form the foundation of our due diligence approach for both social and economic challenges and further strengthen supplier engagement in our tea sourcing journey.

CASE STUDY

Healthy Diets for Tea Community

COMMODITY: Tea
TIME FRAME: 2020-2023
COUNTRIES: India, Malawi, Kenya
TOTAL PEOPLE REACHED: 734,075
PARTNERS: Global Alliance for Improved Nutrition (GAIN), Ethical Tea Partnership (ETP), tea companies, Tea Association of Malawi, DharmaLife Foundation, Indian Tea Association, Kenya Tea Development Authority

Poor diets are the leading cause of global ill health, resulting in malnutrition and deficiencies such as anaemia, decreased energy levels, diminished health, and decreased productivity. Tea workers and farmers, predominantly women, often contend with high rates of malnutrition due to diets lacking essential nutrients. Healthy Diets for Tea Communities is a private-public collaboration between the Global Alliance for Improved Nutrition (GAIN), the Ethical Tea Partnership (ETP), and eight tea companies. JDE Peet's was proud to partner in this wide reaching programme which aimed to promote healthy diets in tea supply chains in India, Malawi and Kenya.

ACTIVE PROJECT

MALAWI
Reach: 147,780 people
(29,556 smallholder farmers & estate workers directly and 118,224 household members indirectly)
Activities:

- Improve lunches with fortified maize
- Support crop diversification and kitchen gardens
- Nutrition clubs to train farmers on good nutrition and sanitation
- Create demand for nutritious foods through training, outreach, and cooking demonstrations

INDIA
Reach: 450,270 people
(90,054 estate workers directly and 360,216 family & community members indirectly)
Activities:

- 152 Healthy Line Shops - local shops sell nutritious food and hygiene products to tea workers and their families
- 76 female Dharmalife Entrepreneurs go door-to-door, to raise awareness of the importance of good nutrition and hygiene
- Interactive activities (community street plays, cooking demonstrations, competitions) to enhance people's knowledge of healthy food and their food choices

KENYA
Reach: 136,025 people
(27,205 farmers & workers directly and 108,820 household members indirectly)
Activities:

- Interactive activities to improve people's food knowledge and choices
- Target 10,000 farm workers and smallholder farmers to grow and consume more diverse crops in kitchen gardens, distribute seeds for bio-fortified high-iron beans and vegetables, and orange-fleshed sweet potato vines
- Reinforce messages through radio and weekly SMS messages
- Promote nutritious foods at the point of purchase: through kiosk owners

"Our multi-year partnership with GAIN and ETP has demonstrated the benefits of collaboration as a sector, reaching hundreds of thousands of people in tea communities in three countries - reaching individuals who can benefit from simple outreach and support. Building on the learnings from this programme, JDE Peet's is proud to launch a four-year exclusive partnership in South India (2023-2027) with GAIN. We have fortified our commitment to global health and nutrition, fostering sustainable impact and societal well-being, as evidenced by the programme's outcomes."

Viral Sheth,
JDE Peet's Global Tea & Tisane Operations Manager

PALM & COCONUT OIL SMALLHOLDER EMPOWERMENT

PROGRESS IN 2023

In 2023, we continued to maintain 100% RSPO sourced palm oil, which is well ahead of our 2025 target. In addition to certification and strengthening our supplier engagement in our two main sourcing origins, Malaysia and Indonesia, we also partner on the ground with our suppliers, civil society and local governments.

ACTIVE PROJECT

Developing Models for Enabling Sustainable Oil Palm Management by Small Producers within the Sabah Jurisdiction

COMMODITY: Palm Oil
TIME FRAME: 2020-2025
LOCATION: Sabah, Malaysia
SMALLHOLDER FARMERS REACHED: 2,500
PARTNERS: Wilmar, Wild Asia, IDH the Sustainable Trade Initiative

This is a five-year project (2020-2025) to support the Sabah state government's 2025 target for the entire state to become certified sustainable in its oil palm production. The challenge for the state is how to ensure smallholders can implement sustainable practices on the ground and improve agronomic practices, while maintaining or improving livelihoods.

The project has four objectives:

- *Increase the economic return by organising smallholders and improving oil palm management*
- *Increase areas under sustainable land management and enhance biodiversity (low carbon, organic, soil improvement methods and diversity of produce)*
- *Reduce human rights risks*
- *Identify and map smallholders through satellite mapping*

ACTIVE PROJECT

Coconut Alliance: Towards Sustainable Coconut (Oil) Production at Scale Supporting Sector Transformation in the Philippines

COMMODITY: Coconut Oil
TIME FRAME: 2021-2025
LOCATION: Southern Mindanao & Southern Leyte, Philippines
SMALLHOLDER FARMERS REACHED: 10,000
PARTNERS: GIZ, Cargill, Philippine Coconut Authority, Agricultural Training Institute

This four-year project focuses on smallholder farmers who grow and process coconuts.

- *10,000 farmers with higher agricultural income*
- *Increased productivity in LandScale validated regions*
- *Coconut oil from LandScale validated regions*
- *Transparency in coconut supply chains*

The project supports and feeds into the Sustainable Coconut Charter and its collaborative platform, the Roundtable on Sustainable Coconut & Coconut Oil, to facilitate discussion and peer learning in the sector and build structures beyond the project's lifetime.
Working together with government agencies, such as the Philippine Coconut Authority and Agricultural Training Institute, ensures achievements from the project can be scaled up for farmers in the whole country and integrated on a broad political level.

ANIMAL WELFARE: ENGAGING WITH LOCAL SUPPLIERS

PROGRESS IN 2023

In March 2023, we updated our comprehensive Animal Welfare Policy, which includes commitments to animal welfare along our global supply chain, effective across our entire brand portfolio. The policy was originally published in 2022, in collaboration with the Lever Foundation, a global NGO working to create a more humane and sustainable protein supply chain.

While our business is fundamentally plant-based, it is our responsibility to ensure that, where applicable, products of animal origin are sourced from suppliers committed to continually promoting better standards in quality, safety and animal welfare, respecting the Five Freedoms for animals[10], and to comply with the applicable national standards on animal welfare and, where legislation does not exist, the guidelines of the World Organization for Animal Health (OIE).

Our most significant commitment concerns the direct supply of eggs from cage-free hens by 2027. While this represents a significant challenge for our food & beverage business in Asia, it presents an opportunity to establish continuous improvement plans and actively engage with our local suppliers to find time-bound and workable solutions to improve the conditions of egg-laying hens.

As of 2023, while the Asia market is in its preliminary days of awareness, our OldTown cafés have begun to use cage-free poultry in a range of products served at both the café and manufacturing level, ahead of the 2027 deadline. The seafood used at these cafés is also certified by the Global Seafood Alliance for Best Aquaculture Practices. The dairy milk utilised in OldTown cafes is also HFAC (Humane Farm Animal Care) certified.

OUTLOOK

Going forward, we will continue to work on cage-free hens, with 2024 being the target to market, and we will work with local farms to build up volume and capacity ahead of our 2027 target. However, our commitment towards animal welfare goes beyond eggs, and also covers dairy, poultry, pork, fish, and beef, along with commitments against animal cruelty and testing. Our OldTown cafés have also introduced the following plant-based alternatives to be more in line with our animal welfare policy: oat milk, plant-based popcorn chicken and patties, and plant-based eggs.

[10] The Five Freedoms are: Freedom from hunger or thirst; Freedom from discomfort; Freedom from pain, injury or disease; Freedom to express (most) normal behaviour; Freedom from fear and distress.

BRAND HIGHLIGHT

COFFEE FOR COFFEE PEOPLE

100% responsibly sourced*

Fastest growing national premium coffee brand

Peet's Coffee, the beloved brand that started the craft coffee movement in the United States, continues to set a high bar, with its unwavering commitment to offering the highest quality coffee and its dedication to addressing sustainability in coffee sourcing.

For Peet's, 2023 was a year of continued expansion across new geographies and new audiences. The year began with the first Peet's location opening in the Middle East, at The Dubai Mall, one of the UAE's premier shopping destinations. By year end, Peet's franchise partnership with Americana Restaurants had led to the opening of 18 Peet's coffee bars across the Gulf Coast Countries.

In China, Peet's coffee store footprint grew from 125 stores to more than 200 in 2023. Closer to home, Peet's opened its first mobile order-to-go concept store in downtown San Francisco, and by the end of the year had established nearly 200 new Proudly Pouring accounts and five new licensed locations, including premiere placement at Miami International Airport.

Peet's also entered the large and growing flavoured coffee segment with both seasonal and everyday offerings. Despite economic headwinds, Peet's was the only national premium brand to grow dollar sales in 2023, while maintaining its premium relative to the market leader.

*per Enveritas standards

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MINIMISING FOOTPRINT

SUMMARY KPIs[11]

GHG emissions

Scope 1 & 2 emissions reduction from a 2020 base year	Scope 3 emissions reduction from a 2020 base year
21%	9%

Electricity

Total electricity purchases (in MWh)	From renewable sources (in %)
345,418	49%

Packaging / Manufacturing waste / Water in manufacturing

Packaging: Design 100% of our packaging to be reusable, recyclable or compostable	Manufacturing waste: Maintain waste to landfill under 1%	Water in manufacturing: Water intensity (cubic metres per tonne of production)
79%	1.1%	9.8

[11] More information can be found in the Overview of our non-financial information tables and the Non-financial information section of this report.

TAKING PLANET ACTION

We have set a range of targets across our business to mitigate our impact on the climate, including emissions reduction, cutting water usage, reducing waste, and increasing material recyclability. While these targets have an impact across our operations and along our entire value chain, they are vital if we are to build a business that can achieve both a net-zero future and that works in harmony with nature.

TARGETS & LEVERS

In line with the New Forestry Land and Agriculture (FLAG) guidance we committed to three new near-term targets, which are validated by SBTi.

- A 43% reduction in absolute Scope 1 & 2 emissions by 2030, from a 2020 base year
- A 30% reduction in absolute forest, land and agriculture (FLAG) emissions by 2030, from a 2020 base year
- A 25% reduction in absolute Scope 3 emissions by 2030, from a 2020 base year (industrial non-FLAG).

By setting rigorous environmental and climate targets, we are preparing our business against potential climate and nature risks, cultivating resilience across our operations. Targets and action plans are embedded into our routine business processes, and progress on actions and plans are reviewed quarterly (for more information, see the Governance section later in this report). We have an understanding of the impact our Scope 1, 2, and 3 emissions have on the climate, and we have aligned this with our 'change levers', as summarised in the infographic on the following page.

Each manufacturing facility is deploying its own Scope 1 & 2 roadmap, and JDE Peet's central functions are leading over 20 strategic action themes for all parts of the business, from R&D to procurement, through to marketing and sales. These are underpinned by a comprehensive strategic plan to deliver on our targets, aligned with the SBTi 1.5°C pathway that is currently awaiting validation and taking into account the projected growth of JDE Peet's.

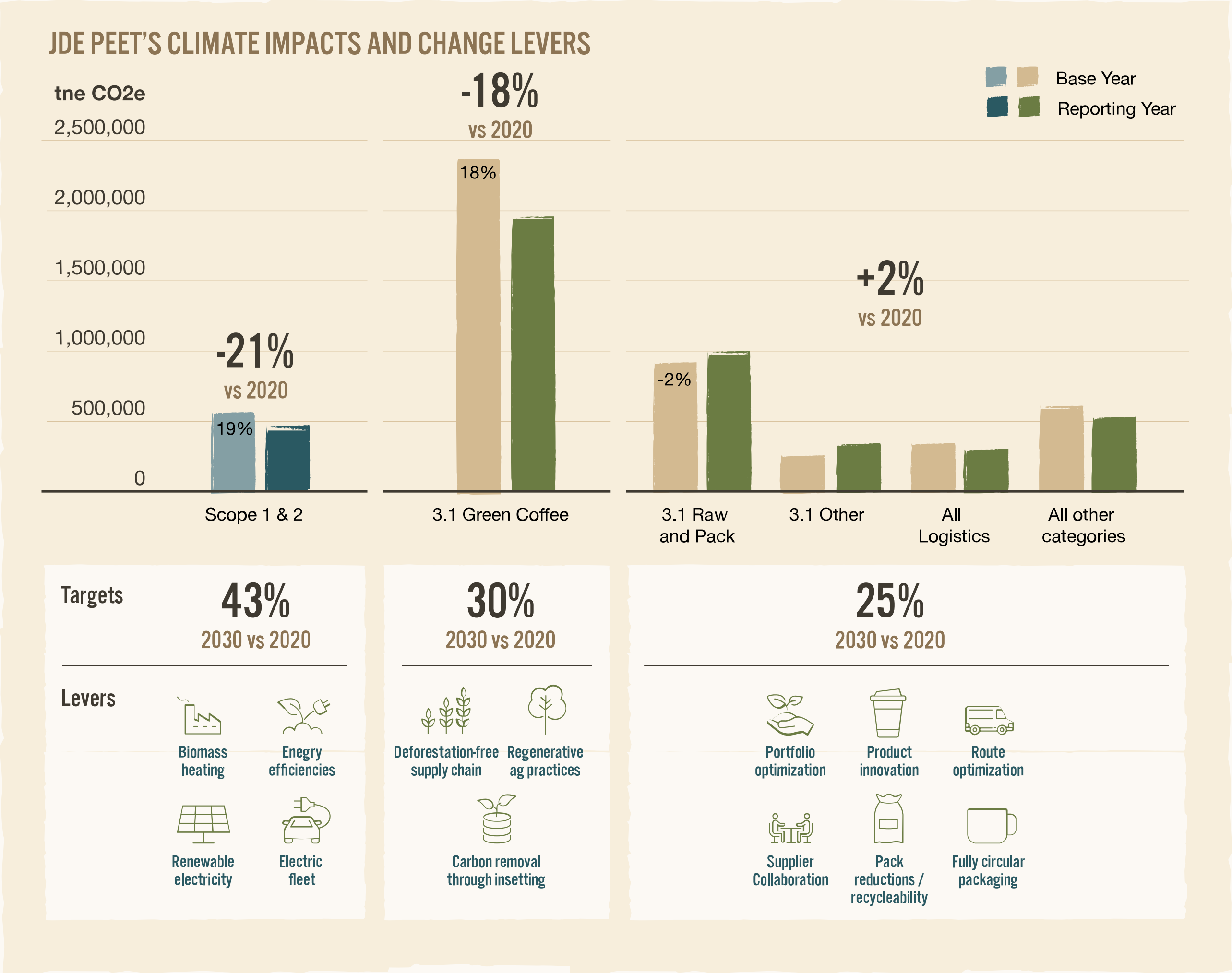
PROGRESS IN 2023

Throughout 2023, we achieved a Scope 1 & 2 reduction of 21% and a Scope 3 reduction of 9%.

Our packaging commitments to make all our packaging recyclable (re-useable or compostable) by 2030 is linked to our drive to increase circularity, which includes reducing the amount of material we use, reusing more of our materials, and extending our use of recycled content materials. All these elements also support our 1.5°C trajectory.

In 2023, we became a Science Based Target Network corporate engagement partner. Through our Responsible Sourcing Assess, Address, Progress approach[12], we already include nature-related impacts in our risk reporting and in our project approach. Because nature elements are already a key part of the holistic Global Coffee Platform's (GCP) Coffee Sustainability Reference Code which underpins the reporting framework used by Enveritas, we are already investing to mitigate our nature-related risks. This has been invaluable in enabling us to complete our first Taskforce for Nature-related Financial Disclosure (TNFD) assessment and link our impacts into an assessment of our approach on setting targets for nature, which we will consider in the coming years.

[12] For more information, see Assess, Address, Progress in the Responsible Sourcing section in this report.



SCOPE 1

In terms of climate, and guided by our Marginal Abatement Cost-Curve (MACC)[13] assessment, our Scope 1 levers are focused on energy reduction and decarbonisation across our facilities. Investments in proven technologies and in R&D underscore our commitment to a net-zero future. We continue to invest in decarbonising our fuel usage, and in 2023 one of our roasteries was converted to biofuel use. We also began investing in converting one of our instant facilities to use 100% biomass waste, which will be operational no later than 2025.

JDE Peet's Capital Expenditure process integrates financial and non-financial metrics to ensure reducing climate impact is an informed part of normal business decisions.

SCOPE 2

Our Scope 2 levers are focused on continuing to use renewable sources, where appropriate. For example, our facility in Bulgaria recently adopted solar panels on-site as we continue to assess the suitability of all our assets to have on-site generation. Our Scope 2 roadmaps also call for the phasing out of coal from our third-party heat providers by 2030. We source over 22% of our total energy from renewable sources, which includes 49% renewable electricity. We use renewable electricity in a balanced way as part of delivering on our reduction commitments, along with investments in more direct energy reduction and decarbonisation.

SCOPE 3

Scope 3 impacts have a number of levers. Because our coffee value chain accounts for 48% of our Scope 3 footprint, an essential aspect of our Minimising Footprint pillar is to continue investing in responsible sourcing farmer projects to promote sustainable agricultural practices and reduce emissions from green coffee production.

Our combined investments across capex/opex cumulatively to 2030 is shown in our TNFD / TCFD assessment and are estimated at EUR 850 million (covering the Responsible Sourcing and Minimising Footprint pillars) these costs are integrated into our budgets. Including associated savings on some of these investments, this equates to a marginal abatement carbon price estimate of EUR 62 per tonne. Within our strategic climate transition roadmap, the table below shows the status of our major climate projects at year-end 2023.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e
Under investigation	14	650,000
To be implemented	4	94,000
Implementation commenced	3	48,000
Implemented	6	20,000

[13] A Marginal Abatement Cost-Curve (MACC) assessment is a tool used to evaluate the costs associated with reducing greenhouse gas emissions. The purpose is to provide a graphical representation of the costs of different abatement measures, showing how much it costs to reduce one additional unit of pollution for each available option.

Scope 3 - Policies[14]
Our Responsible Coffee Sourcing Principles outlines how we will invest in our value chain, supporting, among other projects, the building of climate resilience into our farmer value chain, which uses regenerative agriculture levers and agroforestry levers to reduce the impact of green coffee.

In 2023, we released our Forest Policy and Nutrition Policy, and brought into effect our Water Stewardship Policy. Our Forest Policy sets out a clear pathway for us to reduce the impact of historical deforestation (land use change). The Nutrition Policy focuses on delivering the same consumer experiences with reduced sugar and saturated fats, supporting the reduction of raw materials in our portfolio. This both pushes down the environmental impact and footprint associated with raw materials, and enables us to adhere to nutrition targets.

Similarly, our packaging commitments involve us looking for new product innovations, focusing on optimising pack designs to reduce material use, reusing materials where possible, or making all our packaging recyclable.

Our commitment to design 100% of our packaging components with recyclable materials by 2030 ensures all our materials will have a future value in a circular economy, and will no longer be seen as waste, enabling us to realise our ambition of being packaging-waste free. While we already use significant volumes of recycled materials, we are looking into extending this where commercially appropriate.

Additionally, we developed our Water Stewardship Policy, applicable to direct manufacturing operations in line with UN SDG Guidance and the UN Global Compact Water Resilience Coalition documentation, to effectively manage water-related risk in the areas of water availability, water quality, and water access. We seek to reduce our water intensity (m^3 per tonne of product produced) across our manufacturing operations by 18% by 2030 versus a 2020 baseline, and aim to adjust this target into one in absolute terms. Water use and energy use are often strongly linked.

Scope 3 - Suppliers
We are also engaging with our supplier base, setting expectations for them to align with a 1.5°C scenario and a net-zero future. In 2023, we worked directly with our top suppliers, covering 44% of our raw and packaging footprint, and all now have 1.5°C pathway commitments in place. We continue to roll this out to our broader supplier base, and are investing in the tools to track supplier data and delivery against their commitments. This part of our broader sustainability approach to suppliers includes onboarding our suppliers on the Sedex platform, to identify and manage the risk in our value chain, with a vision to de-risk our overall value chain.

Scope 3 - Embedding in decision-making
It is essential that we provide information that enables climate-related impacts to be considered as part of all our business decisions and part of our customer relationships. We have the tools in place to provide each customer with specific emission and packaging data related to their entire product portfolio, helping to support decisions taken on portfolios and shared promotion strategies. We are also developing tools so that we can have similar interactions with our vendors. Climate and packaging material efficiency are included in our investment decision processes, our innovation decision processes, and in our routine internal business performance reporting.

PLANET STRATEGY - 5 THEMES
While there are multiple interdependencies, our Minimising Footprint pillar operates within five key themes (outlined below) that are linked to our Transition and Physical risk (Climate and Nature), underpinned by empowering our teams to make informed decisions. More information can be found below and in the Climate and nature-related risks and opportunities section and Risk management section of this report.

[14] All policies are available at www.jdepeets.com.

FARMER RESILIENCE

Green coffee is our key commodity, and our business existence depends on being able to source green coffee today, tomorrow, and into the future. This is why the estimated 12.5 million smallholder farmers that supply the world's coffee sit at the heart of our need to take climate action. At the same time, green coffee makes up half of our Scope 3 emissions. Over the long-term, coffee farms risk being impacted by changing weather patterns linked to climate change, such as volatile rainfall patterns, rising temperatures, and an increased risk of new pests and diseases, which together threaten the productivity and yield of farms and the global coffee supply.

Building farmer resilience is therefore key to not only our Responsible Sourcing approach, but is also a cornerstone of our Minimising Footprint approach. This includes working with partners, civil society and governments on coffee farmer projects focusing on reducing fertiliser needs, increasing yields, and improving coffee plant resilience. These are linked to improving and protecting soil health and, where appropriate, using agroforestry to support ecosystem services for farmers, and help manage future temperature changes.

Together, these also help improve the efficiency of green coffee production and, ultimately, help reduce our environmental footprint. Climate-resilient farming also reduces the need for farmers to encroach onto new land when existing plots decline in productivity, reducing the risk of future deforestation. A number of our programmes also support targeted irrigation practices where there is water scarcity, further helping to reduce farm footprints. When the new GHG Protocol land sector guidance is published and the techniques for measuring agroforestry carbon stock are proven, JDE Peet's expects these to form part of the delivery of its targets.

Collective action is critical to supporting the sector and we take an active role by investing time and funding to set up and participate in pre-competitive consortia and trade bodies, such as the Global Coffee Platform (GCP) and the Sustainable Coffee Challenge.

Over the longer term, we expect developments in new coffee varieties and techniques, supported by our investment in World Coffee Research (WCR) and various start-ups, to provide better outcomes for farmers. We are also actively involved in consortia and are including work on biochar[15] in our projects, which has the potential to almost permanently retain the carbon from the coffee wastes from farming, while at the same time reducing fertiliser application levels. We believe that coffee is well-placed to be a commodity that can be grown well in a net-zero future.

We continue to connect with our farmers, investing in them to align practices with the GCP Coffee Sustainability Reference Code. This supports farmers' ability to increase outcomes, and helps proliferate best practices that will reduce their environmental footprint. Our Responsible Sourcing targets and our Assess, Address, Progress approach aligns our farmer investments in a data-led approach, directly supporting our farmers to build climate resilience. More information on this initiative can be found in the Responsible Sourcing section of this report.

PACKAGING AND MATERIAL EFFICIENCY

Our packaging sustainability vision is a waste-free world. We recognise packaging waste as an environmental issue, and in tandem with current and upcoming regulations, including the EU's goal to make all packaging recyclable by 2030, we are working to enable circularity across the value chain while minimising the environmental footprint of our packaging. We are doing this through design choices, helping reduce material use, promoting reuse, recycling, composting, and increasing the use of recycled content.

To drive our packaging agenda, we have created internal packaging sustainability design guidelines and principals based on a consolidation of industry-leading, material-specific guidelines. In light of the rapidly evolving external landscape of design requirements, we review these internal design guidelines twice a year.

We continue to engage with suppliers who are developing new materials across multiple FMCG businesses. There is a clear plan in place to convert products to new materials in a phased approach. This includes investing in new lines to accept material changes and optimising portfolios, while maintaining product safety and quality.

We actively participate with trade bodies to press for standardised approaches on material definitions. For example, we align with CEFLEX (Circular Economy for Flexible Packaging) requirements for laminates, and target mono-materials in all other packaging systems. We are also active in cross-sector collaboration, including pilot projects and the deployment of solutions for small aluminium and plastic recycling, as these valuable materials are often missed in waste management systems.

In 2023, we worked pre-competitively with the European Coffee Federation to show that the footprints of single-serve systems all fall within similar ranges, and are also similar to other non-single-serve coffee preparation methods.

[15] Biochar is a lightweight black residue, made of carbon and ashes, which remains after the pyrolysis of biomass, and is a form of charcoal.

This highlights that freedom of material and consumer choice should remain, now that these products will fall within the EU packaging waste regulations as packaging that will be made recyclable or compostable.

Driving packaging efficiency is also linked to resource efficiency within our own manufacturing facilities, and by year end >98.9% of our waste streams were recycled, composted or incinerated with energy recovery. We will continue working across our manufacturing locations to reduce our total waste, whilst maintaining our waste to landfill below 1%. In 2024, we aim to enhance our drive towards circularity by setting recycling targets for the waste that is generated.

ENERGY EFFICIENCY

Along with material efficiency, we have clear roadmaps to manage our energy footprint through a blend of progressive increases in the use of renewable energy and investments in energy reduction. Our investment programme ensures we invest in the technology choices that maintain and strengthen the resilience and competitiveness of our business. Our primary focus is to operate our manufacturing facilities efficiently and to reduce fossil fuel use.

We have a roadmap in place to define future options to reduce impacts, including a balance of available technologies and R&D investments. We also want to help create future business resilience by ensuring that key suppliers within our supply chain have similar Science Based Targets' ambitions.

WATER EFFICIENCY

Freshwater is the lifeblood of our planet, yet the UN expects that the world may face a 40% water shortfall by 2030. Currently, up to 80% of water discharged across the globe is not adequately treated and 1 out of 4 people lack adequate infrastructure to access water. Climate change is further accelerating the need to act to ensure water availability, quality and access along our entire value chain, from the farmer to our operations and, ultimately, the consumer.

As a pure-play coffee & tea company, we are less exposed to water risks than other beverage companies, due to the nature of our products. Coffee is grown in origins that are 96% rain-fed, while more than 90% of the water used in our operations is to produce instant coffee. Water is added during coffee preparation by the consumer, while our operations mostly deliver dry products.

We are committed to ensuring water security now and in the future. Recognising water as a fundamental human right and its critical importance for food and agricultural businesses, we aim to minimise our impact and effectively manage water resources amidst increasing water stress and the effects of climate change. As part of our updated double materiality assessment, water & wastewater management has become a material topic at JDE Peet's. In the value chain, only our own operations have been considered due to the materiality and sphere of influence of the company. For more information on how we are addressing water use in our upstream value chain, please refer to managing our water use section of this report.

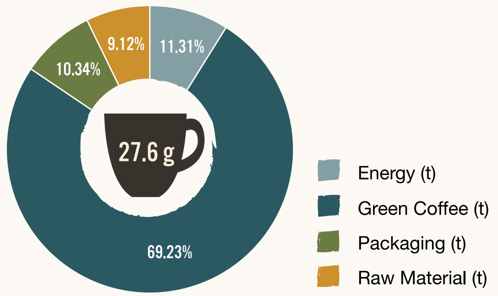
Our goals, targets, and commitments outlined in our policy relate to public policy and the local context of each area with water stress, as our focus on operations with high water use and high water stress requires consideration of local context and close collaboration with local stakeholders. To reach the targets linked to this ambition, we need to commit to leveraging a combination of investments in our own direct operations and to continue to collaborate, through collective action partnerships and initiatives within basins, with relevant stakeholders from the industry, governments, and NGOs. This will enable us to build capacity and promote water security, while aligning with international frameworks, standards, and widely recognised water initiatives.

ENGAGEMENT

Empowering our people to make informed decisions is an important part of minimising our footprint, and we continue to invest to deliver both data and training, where needed. In 2023, we rolled out carbon data on all our products to the business teams, and included that data in routine business reporting, including planning. This enables the teams to now work with customers on our shared need to build resilience. This is a key example of our approach to embed the concept of minimising our footprint into routine business decision processes and into our continuous improvement of those processes across all areas.

We also continue to act pre-competitively in areas that support coffee, and with it seek to drive systemic change. We have seen the progress that can be made through the completion of our collaboration with USAID, Nestlé, Lavazza and Costa, and more than 10 trading partners to set a baseline for green coffee in Vietnam and Indonesia, and this will now expand to drive similar work in South and Central America, with seven roasters on board. Systemic change can happen at multiple levels and we work collaboratively to share information with governments, while also building new business models at local levels.

JDE emissions per coffee cup*



* Emissions reflect >90% product footprint to factory gate / cup sold. Carbon accounting tool implemented for JDE, in the near future Peet's will also be onboarded.

BRAND HIGHLIGHT

SENSEO®, THE ENTRY SINGLE-SERVE SYSTEM, AFFORDABLE AND SUSTAINABLE!

#1

Amongst single-serve in France, Germany, the Netherlands, Belgium

38M

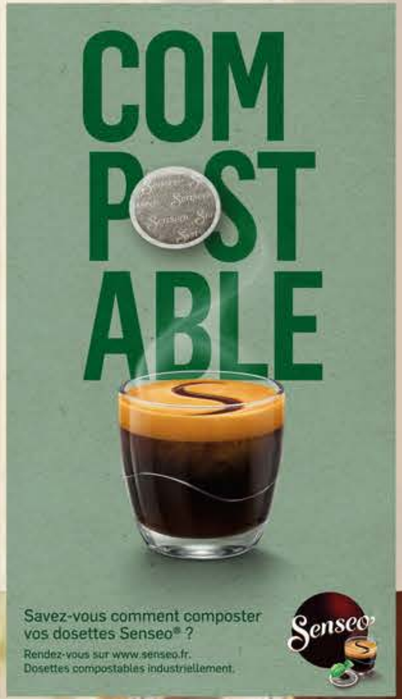
cups served every day

In 2001, SENSEO® revolutionised the world of coffee with affordable, delicious coffee with rich crema, at the touch of a button.

It is the #1 single-serve system* where it is present: #1 in users, with 15 million households, #1 in cups, with 38 million cups served every day, and #1 as the most well-known brand. When it comes to sustainability, SENSEO® is ahead of the game, delivering single-serve cups with as little packaging as roast and ground coffee, thanks to its compostable** pads in recycle-ready bags.

Despite this success, SENSEO® did not stand still! In 2023, SENSEO® stepped up in versatility, upgrading its milk-based offer both on taste and on nutritional values, and launching a successful Café au Lait. And while SENSEO® continues to offer consumers in Western Europe ever-expanding formats – now up to 120 pads – it also continues its promising geographical expansion in Hungary, Romania and Bulgaria.

SENSEO®, each cup matters!

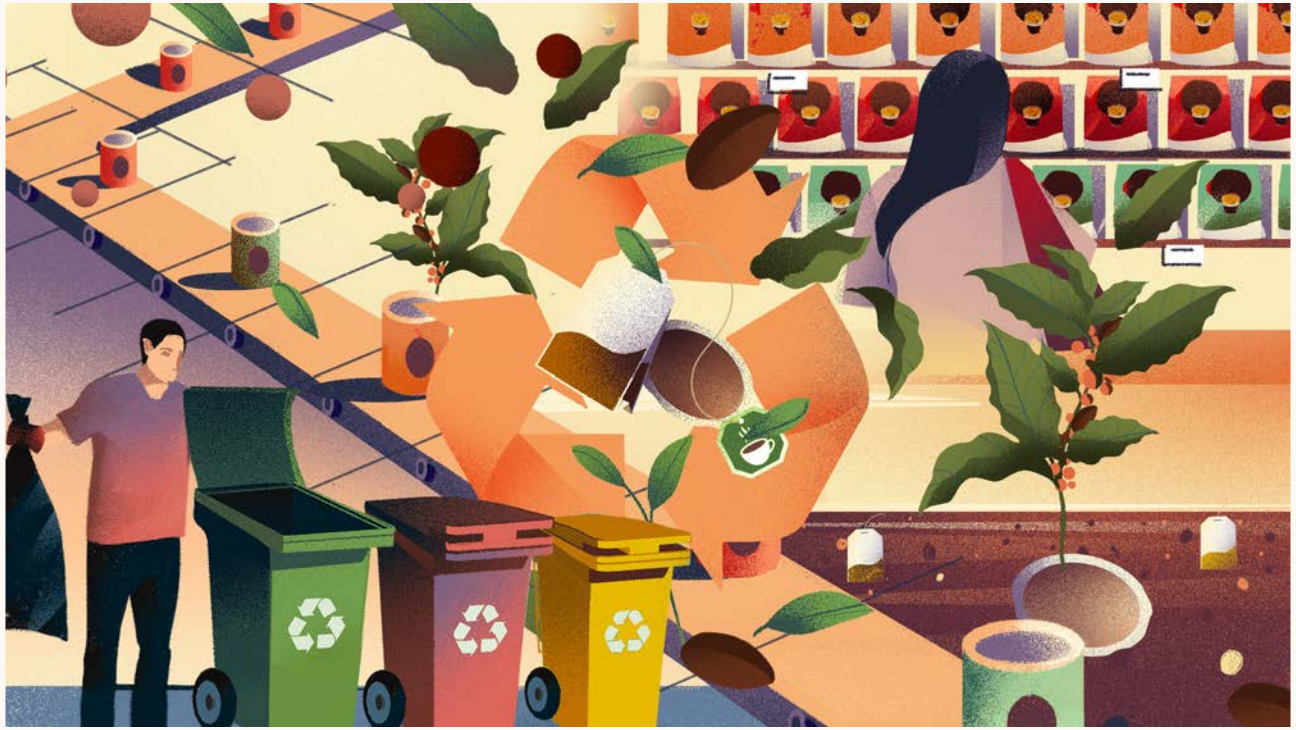


* Amongst single-serve in France, Germany, the Netherlands, and Belgium

** According to [NEN (EN, FE EN) -13432 biodegradable and industrially compostable

Back to brands overview

WORKING TOWARDS SUSTAINABLE PACKAGING AND REDUCED WASTE



PACKAGING AND MATERIAL EFFICIENCY

PACKAGING

Progress in 2023

Delivering on our commitment to work towards a packaging waste-free, circular-material future, means focusing on reducing our pack intensity and using 100% recyclable materials. This takes significant innovation and collaboration internally across all business functions, and externally with our network of suppliers, while ensuring we continue to delight and protect our consumers.

We made good progress on our publicly disclosed commitments in 2023, and have a clear roadmap in place in terms of pack reduction, circular packaging, and product innovation. We know that this roadmap needs to be supported through investments in resources and equipment (see our TCFD analysis), as well as the data needed to make the right choices at each stage.

Pack reductions

In 2023, we launched an internal Global Packaging Consumption tool, which provides daily updates on packaging volumes sold and quantifies all our KPIs per material type. This includes pack intensity reporting, including weight of packaging material (in grams) per cup sold, recycling content, and recyclability reporting for all products in our portfolio. This helps business teams review promotional strategies with customers and focus on our shared reduction targets. It also enables individual business units to use a common standard to report on performance, understand the likely impact of Extended Producer Responsibility tax on their material choices, and means pack intensity metrics can be included in innovation decision processes. Since 2020, our pack intensity per cup of coffee sold has averaged 2.07 g/cup. We expect the benefits of this to be apparent in the coming years' data with more active controls in place.

Fully circular packaging

Alongside the sustainability checks we have incorporated into our innovation processes, we also continue to identify and work towards solutions for packaging waste that is recyclable but can be rejected at sorting or reprocessing centres due to various technological constraints. In 2023, we further invested in capsule recycling through the Koffie Capsule Recycling scheme in the Netherlands with 90% of the market represented, while working on a combination of dedicated and public collection systems such as the acceptance of coffee capsules in the blue PMD bin in Belgium. Additionally, we actively engaged with various consortia to stimulate essential changes to design guidance, sorting practices, and investment in good quality end-of-life solutions that prevent waste generation. We are also actively engaged in a range of trade and industry associations to foster industry-wide alignment on material topics relating to waste and packaging circularity.

One example of where we want to eliminate waste and stimulate the use of renewable resources is our ongoing effort to launch the first recyclable flexible paper packaging for the pure instant category. This format will replace existing flexible plastic laminates that are not recyclable and also carry higher carbon-equivalent emissions per kg of material.

In 2023, we delivered on our roadmap to make all Senseo outer packs from recyclable materials. The Senseo brand is unique in offering both compostable pads and all packaging related to its standard offerings recyclable. We also began testing for the next phase of recyclable material roll outs, and realised successful commercial tests at scale at a number of locations and for a number of product types.

Additionally, we ran pilot trials of new higher recycled content materials, and new mono-materials, on a number of products. These are expected to come to market in a number of years, in line with our roadmap.

Reporting and increasing recycled content in our paper & pulp materials also supports our new Forest Policy, linked to managing and mitigating deforestation in the paper & pulp value stream.

Changes require cross-functional teamwork and the sharing of best practices, which often unlock benefits beyond the immediate targets. For example, 2023 was the first full year where all our tea bags included industrially compostable materials, which also significantly improved associated line performance versus historical standards. This was due to our work on optimising material performance. By year end, 79% of our material portfolio was recyclable and 35% of our material portfolio came from recycled sources.

Product innovation

To manage the EU's Directive on single-use packaging, in 2023 we launched an innovative lid across our ready-to-drink coffee portfolio (see the Case Study for more information).

To facilitate future innovation, during the year we created a Packaging Design guide, which uses leading industry standards, such as RecyClass, CEFLEX, CEPI (4evergreen), EuPIA, and expertise derived from visits to facilities for specific material reprocessing streams. From this, we identified five key principles:

1. Sell more cups of coffee & tea with less packaging
2. Design for material purity, wherever possible
3. Design for sorting effectiveness, taking into account the current capabilities of sorting facilities
4. Regenerative versus fossil-based materials
5. Collaborate to innovate along the value chain.

Through the internal design guidelines, we have also implemented sustainability checks within our innovation management process, including difficulties related to end-of-life, packaging material minimisation, recycled content integration, carbon emissions, and, in the near future, extended producer responsibility/tax implications. These checks also consider the waste hierarchy such that reuse, recyclability, and compostability are required for all new packaging launches and adaptations. Our Scope 3 targets are directly aligned to level 1 of the waste hierarchy, while our reuse, recycle, compost (RRC) commitments are aligned to levels 3 and 4[16].

Outlook

Product innovation

In 2024, we will enhance the sustainability checks of our innovation management process with additional checks on adherence to our internal packaging design guidelines. We will also launch the first paper-based instant coffee refill pack. This unique product will support the Kenco brand while enabling consumers to further recycle their waste. At the same time, this will reduce our pack intensity and increase the level of recyclable materials in our portfolio. To enhance our reporting capabilities, we seek to begin reporting on a product level.

Fully circular packaging

To address the gap in our RRC progress, we will sequentially roll out new projects to reach 100% in 2030. We will continue our phased approach to material changes in our portfolio, with 2024 seeing a number of our existing metal-foiled packs moving to both simpler and recyclable materials. This will be the first wave of material changes across our roast & ground portfolio, underpinning both our move to recyclable materials and our drive to reduce the impact of these packs. At the same time, we will continue our R&D work on preparing for future roll outs of both new materials and materials with higher recycled content.

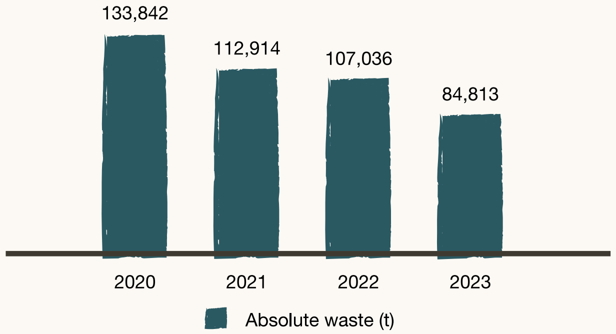
[16] The European waste hierarchy refers to 5 steps, namely: 1. Prevention; 2. Reuse and preparation for reuse; 3. Recycle; 4. Recovery; 5. Disposal.

WASTE IN OUR OWN OPERATIONS

Progress in 2023

Following the waste hierarchy, our focus will always be on preventing total waste, whilst minimising our waste for disposal. However, many areas in the world still send too much waste to landfill, often because local recycling and incineration infrastructure is unavailable. Being a global company, we reviewed our zero waste-to-landfill target for each manufacturing site to see how our associates could make the greatest impact.

Waste reduction is part of our determined effort to embed a zero-waste culture within our business. Our continuous efforts since 2020, have already reduced our total waste by 37% and waste to landfill by 58%. We will continue our journey and halve our total waste by 2030 (baseline: 2020) and maintain waste-to-landfill under 1%, with a zero waste-to-landfill goal by 2050.



During the year, we also began reviewing waste KPIs on a daily to weekly basis to analyse trends and set up corrective actions where necessary. We set up monthly reports with our principal waste contractors, with the inclusion of waste volumes, final destination, price, and costs of purchase. Additionally, waste suppliers are helping us to identify better reuse and recycling streams.

Since May 2023, all coffee waste from our Andrézieux plant in France is being sent for anaerobic digestion to produce biogas. This biogas is reintroduced into the city gas network. The production of green gas produced with our coffee waste is estimated to be equivalent to 1% of our on-site consumption.

To scale best practices, in 2023 we developed an e-book detailing various waste reduction and reuse initiatives, encapsulating our commitment to sustainability. Additionally, we introduced the innovative Green Office concept, which encourages environmentally conscious practices in the workplace.

On a global scale, the Global Sustainability team shared best practices from successful implementations in Utrecht in the Netherlands and in France. Their insights, presented through a shared video, inspired teams across the regions. We also initiated monthly calls with Health, Safety and Environmental experts from across the company to amplify awareness and engagement.

Following a successful two-year programme, our Peet's segment now partners with Too Good to Go, which operates a mobile app that connects customers to restaurants and stores that have surplus unsold food. This is being used at more than 190 Peet's and Stumptown coffee bars in the United States, and in 2023 we sold more than 62,620 surprise bags through the app, saving more than 250,500 pastries from going to waste.

Outlook

Looking ahead, our focus will remain on reducing total waste and waste for disposal, with the following specific objectives:

- Deliver against our commitments to halve our total waste by 2030 (baseline 2020) and maintain waste-to-landfill below 1%, with a zero waste-to-landfill goal by 2050.
- Monitoring the aftermath of incidents – such as the fire that took place at one of our plants in Germany – to assess their potential impact on our waste reduction targets.
- Further roll-out the Green Office concept across our workplace to spread the zero-waste mindset

It is expected that our waste will decline in the future as we divert more of our spent grounds to our biomass burners. Our Operations, R&D and Procurement teams will continue to look for innovative solutions to cut our total waste.

A heightened emphasis on recycling initiatives is on the horizon, with a targeted commitment to increasing recycled waste.

Waste will continue to be a part of our overall Management Operations System (MOS) approach to managing environmental topics, and we will include them in normal business decision processes.

CASE STUDY

Packaging redesign to reduce the use of virgin plastics

Preventing or reducing packaging material sits at the top of our waste hierarchy, and constitutes the most effective way to deliver on our packaging commitments. In 2023, we implemented two projects to reduce the use of virgin plastics across the company.

At Douwe Egberts, we redesigned the brand's Ready-To-Drink cup, launched into the market in January. The new design reduced the use of virgin plastic by approximately 44% compared to the previous version, and made the cup recyclable. This resulted in the avoidance of 49 metric tonnes of virgin plastic, and reduced our emissions by ~156 mt/CO2eq.

At Peet's, a similar initiative to reduce virgin plastic was achieved on a high volume format: the K-Cup® pod. The plastic contents of the cup & disc inside of the capsule were redesigned to decrease the plastic used per Peet's K-Cup® pod by approximately 36%.

The result is an avoidance of 275 metric tonnes of plastic in 2023 versus 2022, equating to approximately 595 mt/CO2eq.

In both cases, the packaging design changes were executed without compromising on product quality, the consumer experience or volume fill weight. Additionally, we avoided changes to UPC or EAN codes, reducing the cost of executing changes and preventing disruptions to supply and trade obligations.

In total, these two initiatives helped us make virgin plastic savings of 431 metric tonnes, equivalent to around 287 mid-sized cars.[17]

CASE STUDY

Paper refill pack - Soluble coffees

Another example of where we deploy reduction strategies, as well as pivot to renewable & recyclable materials, is the development of a first-of-its-kind paper pack for soluble coffees.

The new paper refill packaging design will completely displace plastic alternatives in available markets and provide an end-of-life solution for the packaging waste. This offers consumers alternative packaging formats that promote recyclability & reusability at lower carbon-equivalent emissions.

The paper pack innovation will enter the market in 2024.

97% less	71% less	98% less
packaging than alternative glass jars	CO2e emissions compared to 150gr plastic refill pack	CO2e emissions compared to 200gr glass jars

[17] With the assumption that an average mid-sized car weighs 1.5 metric tonnes.

ENERGY EFFICIENCY

MANUFACTURING

PROGRESS IN 2023

Cutting energy use in our 42 manufacturing locations helps us reduce costs and our environmental impact, with energy reduction a key factor in lowering our Scope 1 & 2 GHG emissions. On a societal level, cutting our energy consumption reduces stress on energy providers and grid infrastructure.

Driving energy reduction is a structured process of continuous improvement, sharing best practices between teams, and building long-term roadmaps that lay down our journey ahead. Part of this journey involves developing new processes, which need to be tested before being rolled out across the network. Effective and efficient implementation requires close collaboration both internally and with external stakeholders, such as industry partners, equipment suppliers, governmental authorities, and local communities.

We operate with 3 key levers:
- Energy efficiency: reducing our energy use
- Renewable fuels: decarbonising direct energy
- Renewable electricity: decarbonising indirect energy.

Energy efficiencies
During 2023, we invested in the ongoing roll out of best practice heat recovery systems across our manufacturing sites, and tested new processes at scale to support our network roadmaps. We also leveraged support in the EU through Green Deal government grants, including a new heat recovery unit in our factory in Valasske, Czech Republic. Recovered heat is used for heating purposes, reducing overall gas consumption. We are assessing the feasibility of similar heat recovery units in other roasting facilities.
We also saw excellent continuous improvement in reducing gas consumption through smarter equipment operations and maintenance. Examples include our factory in Andrézieux, in France, where through operational improvement, we reduced consumption of natural gas by up to 10%. In Berlin, our roadmap investments were fully operational and this, combined with the team's optimisation work, has led to a 30% drop in gas use per pack of finished coffee since 2020.

In collaboration with R&D and our Engineering teams, we are testing and commercialising new processes to support the reduction of energy and emissions in the future. This includes new membrane concentration systems and high-temperature heat recovery systems for applications across our instant sites. These investments will not only deliver improvements in 2023, but also confirm their potential inclusion for other site roadmaps, where appropriate. We are also partnering with equipment suppliers to pilot new technologies to reduce energy and GHG emissions.

Renewable fuels
In 2023, through changes in our operating portfolio, we increased our overall use of renewable fuels slightly to 19%. Our site in Gaevle, Sweden, continues to source all its energy from renewable sources and has seen a reduction in its carbon footprint of over 90% since the 2020 base year, demonstrating that a net-zero compliant future is possible for coffee.

Renewable electricity
By year end, 49% of the electricity we purchased came from renewable sources. We also contract market-based low-carbon electricity tariffs where appropriate and available.

During the year, we continued making progressive investments in local self-generation of electricity using solar panels, installing units in Bulgaria and gaining approval for an installation at our Greek sites for 2024. These changes will further increase the amount of our total self-generated energy.

OUTLOOK

Each manufacturing facility has a roadmap for energy and environmental footprint reduction, while our investment programme carefully evaluates emerging regulations and ensures we invest in the technology choices that maintain and strengthen the resilience and competitiveness of our business by embedding ROI from a GHG emissions and water intensity perspective in our investment process. We will continue to assess Scope 1 & 2 reduction investments with a longer payback period than our normal business investment terms.

Renewable fuels

In 2022, we took a major investment decision to convert our Malaysian instant site to burn renewable biomass to generate steam. The renewable biomass will come from the on-site production of instant coffee, and from other local renewable agricultural biomass waste. As well as cutting energy costs, this will lead to significant Scope 1 reductions for the network, and also support our waste reduction targets. We expect the new unit to be operational no later than 2025.

We will also build on the learnings from our Gaevle facility in Sweden, and move one other site to > 90% Scope 1 & 2 reduction versus the base year, through the use of renewable fuels.

Renewable electricity

We also plan to update our review of the long-term potential of a possible Power Purchase Agreement on renewable electricity for Europe, and continue the roll out of our own on-site self-generation of renewable electricity.

Energy efficiencies

We will continue to invest in a number of energy- and emissions-reduction programmes over the mid- to long-term, through equipment trials and R&D development work, following through on our roadmap to build energy resilience into our manufacturing processes. Additionally, we will further develop net-zero factory designs and technologies, through ongoing capability building and a culture shift in the organisation.

SUPPLIERS

PROGRESS IN 2023

Excluding the impact from green coffee & tea, 23% of our Scope 3 GHG emissions comes from our packaging and raw material suppliers, highlighting the significant dependency of this value chain on energy. We have worked closely with this supplier group to build their resilience, which will ultimately support JDE Peet's' resilience.

Supplier collaboration

44% of our raw and pack material footprint is now covered by suppliers signed up to Science Based Targets and focussed on delivering on our aligned 1.5°C reduction pathway. We have also reached out to the next top 50 suppliers to begin setting expectations of both a reduction of impact and improved data quality directly linked to the products these suppliers provide. As well as improving reporting, this will also form the backbone of our new vendor rating system which will link multiple supplier data sources together to build on our long-term strategic relationship with these suppliers.

While we directly support our suppliers on understanding the SBTi journey, when they feel unable to commit, we will, where necessary, also look for alternative suppliers who are prepared to commit and support us on our shared journey.

OUTLOOK

As we build from our core strategic suppliers, and set clear expectations with all our suppliers on reporting and target setting, we will use the CDP supplier engagement programme to extend our reach to a further 500 of our top suppliers.

Beyond that, we have embedded environmental criteria in supplier selection across our cost of goods supplier base, linking also to our common approach on responsible sourcing topics, such as no deforestation. This will include developing clear expectations for other smaller volume commodities. We will continue to improve and update the environmental and responsible sourcing criteria and we will integrate them in our new vendor rating system.

ENGAGEMENT

INTERNAL

PROGRESS IN 2023

Reducing energy and water use is a company-wide responsibility, and we undertook a number of initiatives to better engage with our employees to help achieve this. We believe that small behavioural changes by our employees in the office can help reduce our climate impact.

Portfolio optimisation
Empowering all employees to include sustainability within normal business decisions and processes is a key part of our engagement process. During the year, we continued to use reporting tools that allow business units to report the impact of their portfolio, in emissions and pack material designed for business performance reporting, alongside financial performance reporting. These tools will also allow business units to share data during reviews with our trade partners and champion data-driven decisions.

Route optimisation
The logistics teams have led the way with embedded data, with all inbound and outbound logistics footprints and costs dash-boarded. In 2023, we hit over 100 shipments per week sent through more environmentally friendly intermodal (truck/train) transport lanes. In the Czech Republic, we moved parcel delivery to a new provider, with a fleet composed of 80% electric vehicles. By year-end 2023, the logistics teams had reduced the company's logistics emissions by 12% compared to 2020.

Rolling out these tools has also enabled many users to interact with environmental topics. Consequently, we have included training on sustainability and how we use these tools and targets to manage the business resilience of not only JDE Peet's, but also our customers and our partners along the value chain. We have also expanded the range of training tools available within our central training resource, which is available to everyone.

Engagement needs to be across all levels of the organisation. During World Environment Day, an annual platform for environmental public outreach led by the United Nations Environment Programme (UNEP), the company rallied employees to come together, in volunteering to plant trees and on the cause of waste reduction, with a particular focus on combating plastic pollution. We launched a visually engaging poster campaign, which showcased personal activities shared by our people, such as waste separation and beach or forest clean-ups. Regional directors also contributed their insights, fostering a sense of community involvement. Several manufacturing sites also used World Environment Day as the spring board to begin collaborating with waste collection companies, with the aim of exploring further waste reduction strategies, enhancing our collective understanding of the waste management landscape. We also used the day to launch our green office programmes, led by volunteer groups in the offices. The aim was to reduce office waste, reduce the use of printers, and ensure unused food goes to charity. We have started to move away from paper cups and reduced the number of office printers. We have also minimised canteen food waste in some of our plants. At our location in Utrecht, the Netherlands, for example, any food now remaining in the canteen is donated instead of being thrown away.

We continued to focus on implementing standards that positively impact our energy, water and waste targets. Part of this is our continued journey to roll out ISO 14001 (or equivalent environmental management systems) certification across our sites. In 2023, we brought our large manufacturing facility in Wuxi, China into the system.

OUTLOOK

Automation of our reporting processes has enabled us to simplify reporting, while also enabling greater granularity. This added level of detail will provide business units with clearer operational dashboards on the impact they have, enabling them to see the impact of their fleet, supplier choices & spending, and travel. This helps us continue to decentralise decision processes and engage everyone in creating a better future.

As we develop reporting tools, we expect to link financial and carbon impact reporting methods. We will continue our investigation of carbon pricing, following an indicative carbon price for mitigation from our marginal abatement cost curve assessments. This will inform us to make economically efficient interventions to reduce emissions.

We will also develop tools, similar to those we use to support our customer relationships, to link to our vendor relationships, feeding vendors impact on us back to them, and linking their commitments into expected outcomes for JDE Peet's. This will help us to better factor sustainability into vendor selection decisions, alongside financial decisions.

EXTERNAL

PROGRESS IN 2023

During the year, we saw the culmination of our collaboration with Nestle, supported by USAID, and joined by Lavazza, Costa, and 11 of our supplier partners, into a baseline footprint for green coffee in Vietnam and Indonesia. This has given us the opportunity to work pre-competitively with various trade bodies to standardise the methodology and underpin a more dynamic and representative footprint for coffee going forward. The aim is to generate a standard all suppliers can work with to report on, and which we can embed into open source tools such as the Cool Farm tool, that we also work with on the co-development of the perennial reporting tools. The USAID study has also led to the kick-off of a similar project for five Latin American countries, this time supported by six other roasters, and managed through the Sustainable Coffee challenge team.

We also worked closely with the European coffee federation, offering our life cycle analysis experience to support their pre-competitive assessment of the full range of single serve units in the market today. This showed there was a limited difference in the impact of all systems, when the range of drinks a consumer makes is taken into account.

During the year, we also supported the development of more accurate deforestation mapping tools by Enveritas, an NGO that reports on the status of coffee within supply chains through their unique reporting process. This will help us address deforestation in the coffee value chain, which at present contributes to the negative environmental footprint of the commodity. It is important that farmers remain included, and are not excluded from supply by inaccurate data. Our approach has enabled us to work with governments and regulatory groups to ensure entire countries remain deforestation-free within their coffee supply chains (see the Responsible Sourcing section earlier in the report for more information).

OUTLOOK

Ensuring that there are clear data standards informs our position with the relevant trade bodies, and our response to potential carbon labelling legislation. With the expected launch of an updated GHG Protocol Land Sector guidance[18], and our new SBTi FLAG targets, we will continue to work pre-competitively on the accurate and correct reporting of changes in Soil Organic Carbon, taking a conservative and landscape approach, as well as working on landscape removal tracking for agroforestry trees. These will enable appropriate reporting for the many farmers who already farm coffee using regenerative practices, and which also forms the basis of many of the intervention projects that we work on.

We will remain actively involved in the LATAM baseline study, and continue to develop deforestation tracking tools to cover all sourcing locations. We will continue to work closely with World Coffee Research as they continue their field trials. We also see biochar as a potential long-term solution for soil improvement and possible carbon sequestration of on-farm waste. We have built a consortium of interested stakeholders in Brazil, and expect to move this to active field trials in 2024, which will be publicly reported for the benefit of all farmers, alongside a number of other interventions to understand and build business models that will drive potential systemic change to create long-term benefits for coffee farmers.

[18] The GHG Protocol Land Sector and Removals Guidance explains how companies should account for and report GHG emissions and removals from land management, land use change, biogenic products, carbon dioxide removal technologies, and related activities in GHG inventories.

MANAGING OUR WATER USE

PROGRESS IN 2023

During the year, we strengthened the assessment of water risks at all our manufacturing locations and coffee origins using a combined analysis, employing tools such as the WRI Aqueduct, WWF Water Risk Filter, and the Water Footprint Network Assessment tool. This, combined with an external analysis through our insurer, Argos, enabled us to define a risk profile for all our manufacturing sites. This is also reflected in our inclusion of water risk at coffee origins in our TNFD assessment. Water is already part of our Responsible Sourcing Assess, Address, Progress approach to coffee.

In 2023, we launched our Water Stewardship Policy, signed by our Chief Supply Officer, which creates the foundation for our work to positively impact our water footprint, especially in water-stressed priority basins to create impact where it matters most. It reflects the close cooperation of our manufacturing leads, global centre of excellence, and sustainability team, and describes our commitment to socially equitable, environmentally sustainable, and economically beneficial water usage. The Policy also includes other targets such as treating all our wastewater before being discharged by 2030, and ensuring employees at our manufacturing operations have access to safely managed water, sanitation and hygiene (WASH) facilities by 2030.

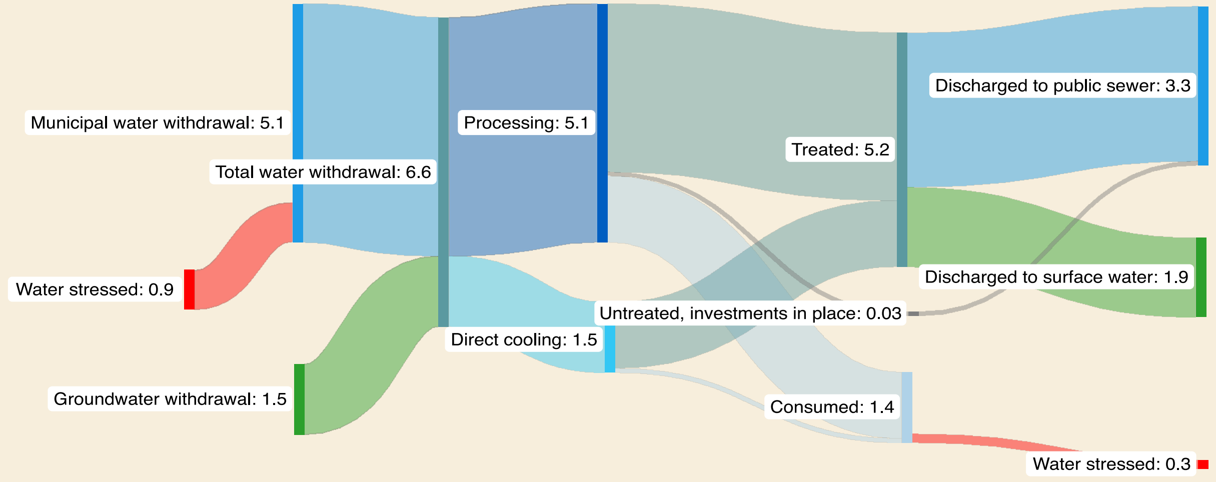
We track our water progress on a monthly basis and share results via the E-report to manufacturing plant managers and senior leaders, with data available on a digital dashboard. At instant coffee manufacturing plants, water progress is primarily tracked through OPL3, a series of weekly reviews on performance in the plant with dedicated stakeholders. In 2023, we reduced our water usage by 4% versus our base year and managed a 1% reduction in water intensity. We achieved this by sharing best practices across our units, while working closely with both manufacturing and R&D.

With water insecurity set to be a major challenge this century, our policy addresses the three dimensions of water stress: availability, quality and access.

Water availability

Our water availability roadmap is a direct implementation of our Water Stewardship Policy and targets efforts to sites deemed material through our assessments. By looking at different timeframes, optimistic and pessimistic scenarios, and combining this with the dependency of water in the production process, we are able to define which sites need to address water risks in their area. Based on this, we contacted local water authorities to confirm the results, helping to build action plans to reduce water stress. We then integrated this into the enterprise risk management, and cascaded to the respective owners.

WATER FLOWS IN MEGALITER



In 2023, we identified nine sites that are in water-stressed basins and need to develop plans to address and mitigate water availability challenges. Based on this, we then reached out to water authorities and water suppliers, reflecting our consideration of local context and importance of local collaboration.

For example, at our site in Mollet, Spain, the drought in Barcelona led to a reduction in city water usage of 15% compared to the previous three years. Based on such experiences, we developed a Water Reduction Playbook that was shared with our global manufacturing sites to define action plans that support the global water reduction roadmap.

Our six instant coffee production sites withdraw and consume over 90% of our total operational water. We work at all our instant sites to identify water reduction projects to support an 18% reduction versus our baseline.

Our other sites produce dry products that use very limited quantities of water in the manufacturing process, and the majority of our factories located in high or extremely high water-stressed areas are not water intensive.

In 2023, our focus on water intensity reduction extended to implementing multiple projects with a spend of less than 1% of our capex:

- Implementation of water-efficient production processes via investments in drain rehabilitation, pipelines, and machines used to produce low water-use products
- Using rainwater collected from the roof as an alternative water source for cleaning purposes
- Joure, as the biggest groundwater consumer, began piloting initiatives to reduce freshwater use.

Water quality

Quality water forms the lifeblood of our production processes, especially in the creation of instant and liquid coffee. The intricate extraction process for instant coffee, the cooling towers' infeed, and the quenching of roasted coffee all rely on the purity of the water we use. At the same time, water is vital in other processes within our production sites, including heating, cooling, and cleaning. Given the key role water plays, we are dedicated to maintaining the highest standards of water quality across our operations.

Every drop of wastewater within our facilities undergoes responsible treatment, whether by us or trusted third parties. Currently, 39 out of our 42 sites process their wastewater on-site, reflecting our focus on environmental accountability.

We have plans in place to bring the remaining sites to the same standard, and we are developing action plans to ensure uniformity in wastewater treatment standards. One initiative involves the implementation of a metering standard, providing a systematic approach to monitor and manage water quality. We also collect chemical oxygen demand (COD) numbers and pH data biannually, and analyse surface water and public sewer outputs. This approach enables us to gauge the impact of our wastewater discharge on the environment, laying the foundation for necessary changes.

We are also developing wastewater training programmes, which will empower our SHE (Safety, Health, and Environment) experts with the latest knowledge and skills.

In 2023, we initiated an in-depth analysis of our wastewater treatment levels, aiming for complete transparency. While clarity on treatment levels is our priority, we are already making significant progress, and tracking COD impact every six months helps us make informed decisions. While 39 sites currently meet our stringent standards, treatment levels differ between factories, as the processing and local requirements differ per site. At a minimum, we follow WHO standards where local standards are missing. We aim to have full clarity on treatment levels by our 2024 report.

In Johor, Malaysia, we invested EUR 10 million to upgrade an existing wastewater treatment facility after an uncontrolled spillage. These technical upgrades are paired with improved cooperation with environmental authorities. In parallel, we continue to investigate and address wastewater concerns in areas of heightened risk, such as Myanmar.

At several of our sites, we implemented wastewater processing systems that help maintain environmental integrity and generate biogas. This biogas serves as a renewable energy source within our operations, underscoring our commitment to innovation and sustainability.

Water access

In 2023, we introduced the third pillar of our water strategy, ensuring washing, sanitation and hygiene (WASH) facilities are in place for all our manufacturing locations. Water access is a human right, and we believe we need to be completely confident that washing, sanitation and hygiene is up to global standards. Setting the baseline as 2023, we assessed that already 88% of our factories comply with the standards set by the WASH4WORK self-assessment tool. For the plants not yet fully compliant, we have put plans in place to close the gaps in the coming years. More details can be found in our CDP disclosure on Water Security[19] here.

STAKEHOLDER ENGAGEMENT

On multiple occasions in 2023, local authorities requested that our factories minimise their water use as a result of local droughts, which occurred during heat waves in Europe. We actively engaged with these authorities, and highlighted the steps we have already taken to minimise our water use and limit the impact to our operations.

OUTLOOK

- We will continue our work on water availability, quality and access in our factories.
- We will further progress the water roadmap for instant coffee manufacturing sites. Because water and energy usage is correlated, we aim to include water reduction initiatives in our energy roadmaps.
- We expect to introduce new KPIs for cooling water and recycled water. Additionally, we have made progress with data maturity of our water use, both intake and discharge, which will help us to benchmark and identify further reduction opportunities.
- In 2024, we will further develop our work on the Science Based Targets for Nature and, based on materiality, set localised water-related targets.

[19] CDP is a not-for-profit charity that runs a global disclosure system, helping organisations, including companies, better manage their environmental impacts.

CLIMATE AND NATURE-RELATED RISKS AND OPPORTUNITIES

INTRODUCTION

Climate change is a huge threat to the planet, and creates a significant risk to the current way of doing business. However, as a business, we need to look for ways to balance risk with opportunities, which can often be leveraged by adapting to changing circumstances. As we have done in previous years, we use the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to determine our climate-related risks and opportunities and adapt our strategy accordingly. Using this framework enables us to create a better understanding of the climate risks and our resilience, while ensuring we have the right governance, strategy, risk and opportunity management in place. In 2023, we reviewed our existing risks and opportunities and expanded our TCFD approach with the newly released Task Force on Nature-related Financial Disclosures (TNFD) guidance.

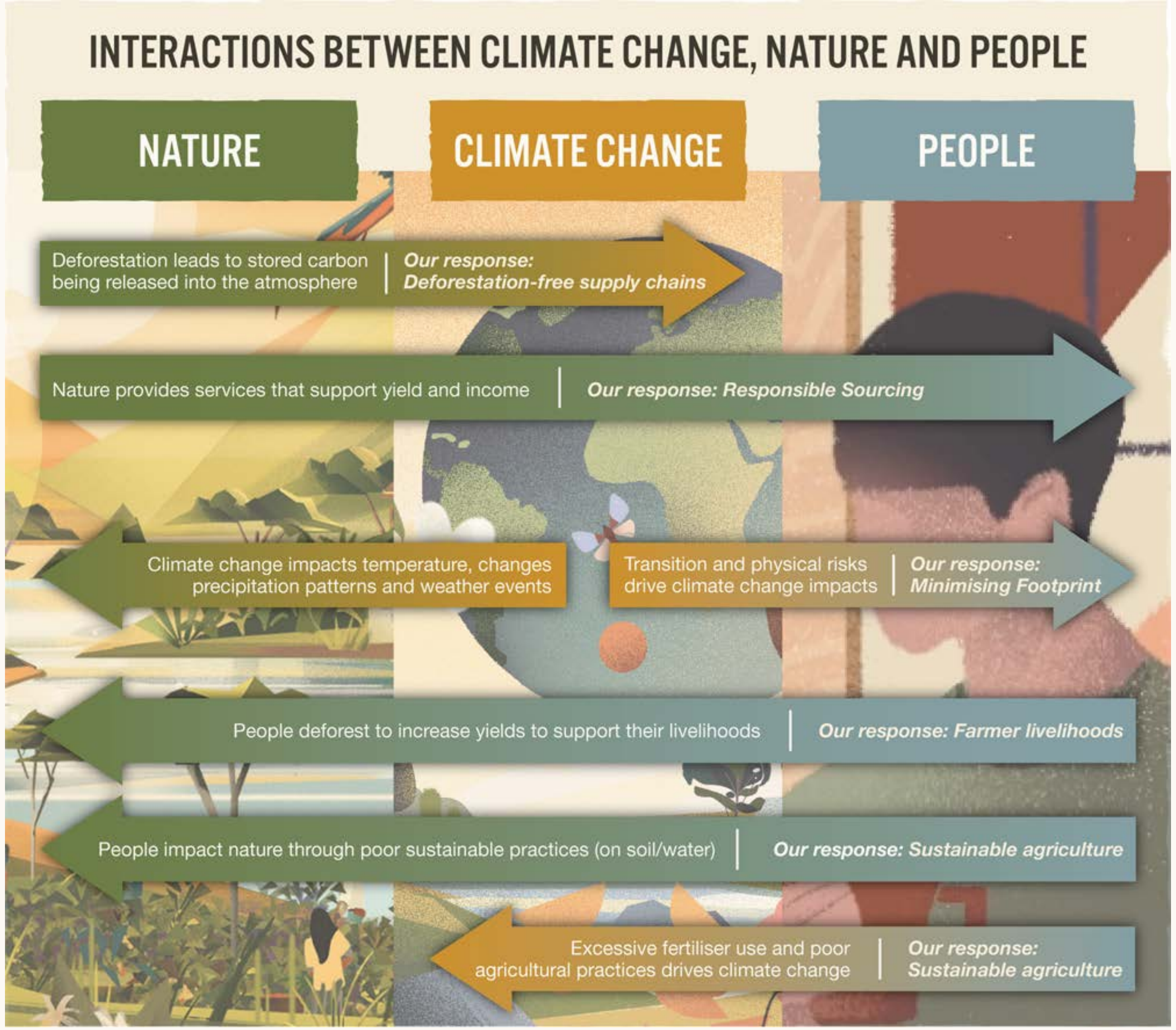
GOVERNANCE

Governance and Board oversight of climate change and nature is described in Sustainability Governance in the Board Committees section of this report. Performance measures related to climate-related impacts are not part of the management remuneration.

RISK AND OPPORTUNITY MANAGEMENT

Coffee is heavily dependent on nature and specific environmental assets and ecosystems. Soil health ensures our coffee has access to the right nutrients when growing. Coffee is primarily rain fed, but requires consistent and predictable precipitation patterns for farmers to rely on. Biodiversity is essential for disease prevention, while ecosystem intactness, tree cover and abundance of different tree species provide insights into the current state of nature. Temperature creates the right climate for coffee to grow.

Based on current policies and pledges by countries to address climate change, it is estimated that temperatures will rise by between 1.8-2.7°C by the end of the century. To model the risks associated with this, we chose a 1.5° C scenario and a 4°C scenario to represent the full breadth of possible outcomes, covering accelerated global action through to a delay or failure to fully implement current policy pledges. For the 1.5° C scenario, we used the International Energy Agency Net Zero Emissions 2050 (IEA NZE 2050) model and for the 4°C scenario we used the Representative Concentration Pathway 8.5 (RCP 8.5) model. Finally, we mapped these risks and opportunities to where in the value chain they have the largest impact. For more details of what is included in our climate scenarios, how the outcomes affect our broader strategy approach, and the direct actions we are taking please see: CDP response section C3.



Following the model outcomes, we mainly see transition risks in the short (1 year) to medium (>1 to <5 years) term, whereas we believe physical risks and opportunities are more likely to be apparent over the longer term (>5 years).

Within our overall enterprise risk management process, we define risk levels (low / medium / high) which are based on the company's financial assessment and risk appetite, depending on the topic. Our risk appetite ranges from Averse (avoid risk) through to Cautious / Prudent / Open / Higher (accept high risk). Overall, climate risks are considered high in risk level, and we take a Cautious approach.

The process of identifying, assessing and managing climate and nature risks and opportunities is described in the Risk management process section of this report

STRATEGY

Transition risks

In a 1.5°C scenario, environmental regulations will tighten in most regions, beginning in Western countries. This includes sectors such as agriculture, industry and transportation. As a result, the cost of energy from fossil fuels will increase. As actions to limit global warming will be needed in the short-term, the impact is expected to become particularly relevant in the run up to 2030, and can already be seen today. This resulted in the following three material transition risks:

- Packaging regulation
- Deforestation regulation
- Carbon pricing mechanisms.

Within the quantitative analysis, while all significant transition risks were high in terms of typical ERM values, we chose to categorise the relative risk levels with climate transition risks in order to ensure suitable assessment of mitigation investments.
For JDE Peet's' climate analysis, we used a cumulative EBIT risk between 2023 and 2030. Risks were then split into:

- Low 0 to <1% EBIT
- Medium >1% to <5% EBIT
- High >5% EBIT.

Physical risks

Physical risks could pose a greater threat to the food and beverage industry if the world fails to sufficiently curb GHG emissions. Under such a scenario, which focuses on precipitation change and extreme weather events, our agricultural supply chains and infrastructure, including our own operations, could be significantly impacted. In a 4°C scenario – in other words, strong and accelerated climate change – agriculture will increasingly be affected towards 2050. In the absence of any action, coffee yields will decrease due to changing precipitation levels, increased pests, and reduced bean production per tree. The area of land suitable for coffee production, under current practices, would be impacted in many regions and competition for land would likely increase.

We have identified two physical risks: chronic climate impact on supply chain and soil health. We have also identified one opportunity: Ecosystem protection, restoration and regeneration. No existing JDE Peet's assets were seen to be at risk.

To estimate the financial impact of these risks, we have used the following assumptions in our models: growth rate of the business; cumulative impact up to 2030 for transition risks; and scenario planning, from no change in regulation, to regulation change in the EU only, to regulation change worldwide. This has been based on current pricing of our products.

Mitigation

As described in the table below we have a mitigation strategy in place to address these risks. The initial estimates for mitigating the financial implications have been integrated into our budgeting processes and are part of our business models as described in note 3.3 impairment of non-current assets of the Consolidated Financial Statements . These costs do not significantly increase our cost base.

Cumulative financial impact on EBIT

Risk	Nature / Climate related	Value chain	Opportunity / Risk description	Impact	Timeframe	Financial implication (cumulative up to 2030)	Mitigation strategy (management of risk/opportunity)
Transition Risk - Packaging regulation	**Climate**		The EU Packaging and Packaging Waste Regulation (PPWR) requires all packaging to be recyclable by 2030 and limit access to the market for non-recyclable or compostable products.	Currently, 79% of our packaging components is designed to be reusable, recyclable or compostable. The remaining material will still require technological advancements and investment to prevent loss of revenue due to non-compliance.			Our packaging roadmap is in place to transform all materials towards recyclable materials. This will be delivered in a sequential approach, leading to yearly investments in new production lines and trials to validate material changes. More information can be found in the Packaging section of this report. Initial estimates for the cost and capital expenditures to mitigate the financial implication are roughly estimated at EUR 300 million up to 2030.
Transition Risk - Deforestation & deforestation regulation	Nature / Climate		Continued deforestation leads to carbon sinks being depleted and nature being destroyed. The EU Deforestation Regulation (EUDR) is in place, which mandates all coffee imported into the European Union be deforestation-free with accompanied due diligence requirements.	Mapping all coffee plots globally allows us to detect deforestation when it happens and allows for restoration before coffee is grown on those plots. For key regions, we have mapped coffee-related deforestation to be negligible since the cut-off date of year-end 2020. As the regulation requires all coffee plots to be mapped, we expect premiums will be paid to ensure supply chains of validated			Our sourcing flexibility allows us to leverage strategic relationships with suppliers, and continue to develop supply options. More information can be found in the Deforestation-free supply chains: Protecting local environments section of this report. On top of our current and future investments to source responsibility sourced coffee, including preventing deforestation at the source (estimated to be EUR 250 million until 2030), we also include an initial estimate of EUR 200 million in our budgets to cover potential “deforestation free” supply chain premiums.
Transition Risk - Carbon pricing mechanisms	**Climate**		Carbon pricing mechanisms, such as EU ETS, are expected to broaden in scope and reach, and increase in cost.	An increase in carbon pricing and in global geopolitical activity drive energy costs higher, which impact both JDE Peet's' direct operations and also impact fertiliser costs leading to further pressure on farmer livelihoods.			We have put in place an SBTi-validated climate target to reduce emissions. We have also created a roadmap to define future options to reduce impacts, including a balance of available technologies and R&D investments. Estimated initial implementation cost to mitigate the financial implication: EUR 100 million up to 2030.
Physical Risk - Chronic climate impact on supply chains	Nature / Climate		Climate change and changing weather patterns drive a decrease in coffee yields due to changing precipitation, and increased pests and diseases. The area of land suitable for coffee production is reduced under current practices, and competition for land would likely increase. Such changes would put upward pressure on the price of coffee, while also likely increasing market volatility.	While we retain our flexible sourcing strategy, this systemic industry-wide risk may lead to increased coffee prices, which might lead to a reduction of coffee variety and quantity, and subsequently might mean that many consumers that today enjoy drinking coffee will not be able to do so in the future.		Cannot be estimated	While climate change trails GHG emissions, and impacts are likely to become most severe over the long-term, we are already investing to address these challenges today. Our farmer engagement programmes strengthen climate-smart agriculture among smallholder farmers. Our support of World Coffee Research contributes to the development of coffee varieties that are more suitable for a changing climate. We invest in a diversity of origins to ensure coffee farming remains a viable and attractive option across a broad set of countries. We continue to lead conversations to scale these activities into cross-sector initiatives, to support broad farmer resilience.

Upstream | Own operations | Downstream | <1 year | 1-<5 years | >5 years | 0% to 1% EBIT | >1% to 5% EBIT | > 5% EBIT

Risk	Nature / Climate related	Value chain	Opportunity / Risk description	Impact	Timeframe	Financial implication (cumulative up to 2030)	Mitigation strategy (management of risk/opportunity)
Physical Risk - Soil health	Nature	Upstream	With growing demand for coffee, soil health will be depleted if not managed sustainably. Lack of sustainable soil management, such as erosion control, mulching or efficient use of fertilisers and pesticides, will lead to biodiversity impacts, such as soil quality impact and decreased species abundance.	Soil invertebrates, such as earth worms and insect larvae, and the birds that feed on them, could disappear across coffee sourcing regions. This systemic, industry-wide risk may lead to supply limitations, a reduction of coffee variety and quantity, and subsequently the availability of coffee. Although soil health is highly localised, our analysis against the GCP reference standards show that soil management is poor in all of our sourcing countries and will require multiple years of investment to see improvements.	1-<5 years; >5 years	Cannot be estimated	Our Responsible Sourcing pillar works to provide farmers with the knowledge and skills to improve soil management practices, such as cover crops, mulching and trenches. By educating farmers to use soil analysis tooling to find nutrient deficiencies, we aim to improve fertility. By investing on the ground, we are able to foster the right behaviour to protect nature whilst improving farmer outcomes. We have also set this expectation among our suppliers through our Supplier Self-Assessment Forms – suppliers are then required to put in place action plans to improve soil management. The implementation costs to improve soil health is part of our total approach to responsible sourcing, and is already included as part of the deforestation mitigation costs.
Physical Opportunity - Ecosystem protection, restoration and regeneration	Nature	Upstream	We will invest in farmer programmes to mitigate negative impacts on nature. From this, we expect brands to be in a strong position to leverage these credentials, increasing brand value and revenue.	Our current 63 projects aim to improve resilience and create a nature-positive impact. Our brands are well positioned to leverage the active role we play in nature restoration. Increasing brand penetration and reach, through leveraging the right marketing channels, drives increased sales.	<1 year; 1-<5 years	0% to 1% EBIT	We have active restoration projects running in primary sourcing countries, including Uganda, Peru, Indonesia and Vietnam, and we aim to expand these in scope and impact. These reforestation projects are aimed at enabling farmers to keep their farms resilient to the impact of climate change, as well as keeping protected areas compliant. The systemic change we are driving through our engagement with ICO and GCP is aimed at creating a better future.

Upstream | Own operations | Downstream | <1 year | 1-<5 years | >5 years | 0% to 1% EBIT | >1% to 5% EBIT | > 5% EBIT

Resilience

As described in the table above, as part of our mitigation strategy, we are well-equipped to handle the challenges that may arise, thanks to our extensive geographic reach, adaptable supply chain, diverse product offerings, well-established brands and financial stability. These factors give us the resilience and ability to shift towards a more sustainable, lower-carbon business model.

Consolidated Financial Statements

As described in note 1.2 of the Consolidated Financial Statements, all financial impacts are taken into account in the preparation of the Consolidated Financial Statements. Since all investments listed in the table above are future investments without firm commitments towards suppliers, this is not included as part of capital expenditure in note 3.4.1 Property, plant and equipment - owned assets.

Metrics and targets

More information on the metrics and targets used in this assessment can be found in the Responsible Sourcing and Minimising Footprint sections of this report.

EU TAXONOMY

INTRODUCTION TO EU TAXONOMY

In 2019, the EU Green Deal was launched, which committed the European Union to becoming carbon neutral by 2050.

One of the key components of the EU Green Deal is a classification system called EU Taxonomy. The EU Taxonomy has the objective of financing the transition and redirecting capital flows towards a more sustainable economy. The current regulation prioritises activities with a large share of overall emissions and reduction potential, focusing on the energy, transportation, buildings and selected manufacturing sectors.

Within the EU Taxonomy, the following six environmental objectives are identified:
- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Pollution prevention and control
- The transition to a circular economy
- The protection and restoration of biodiversity and ecosystems

The EU Taxonomy requires EU companies to assess if their economic activities are eligible and/or aligned with the activities described in the regulation. The statistical classification of economic activities established in Regulation (EC) No 1893/2006 (also known as the NACE classification) provides guidance for companies to determine if a company's economic activities are eligible. To determine eligibility, a company is required to analyse whether the descriptions of the activity, as included in the Taxonomy, matches with its own economic activity.

Once the economic activity is determined to be eligible, companies should assess the proportion of their economic activities that are aligned with the requirements linked to this activity. Alignment can be achieved if the economic activities meet the predefined Technical Screening Criteria (TSC). These TSC are defined per activity and consist of substantial contribution criteria (SC), Do No Significant Harm (DNSH) principles and should comply with the Minimum Safeguards requirements as set out in the EU Taxonomy.

Based on this assessment, companies should report the following specific KPIs on their eligibility and alignment:
- Turnover
- Capex
- Opex

For this year's reporting cycle, companies are required to report on their eligibility for all six environmental objectives. Reporting on alignment for this financial year is only required for environmental objectives of climate change mitigation and climate change adaptation.

ELIGIBILITY AND ALIGNMENT OF ECONOMIC ACTIVITIES OF JDE PEET'S AS DEFINED IN THE EU TAXONOMY

As described in note 1 of the Consolidated Financial Statements section of this report, JDE Peet's is the world's leading pure-play coffee & tea company, serving approximately 4,100 cups of coffee or tea per second. JDE Peet's unleashes the possibilities of coffee & tea in more than 100 markets with a portfolio of over 50 brands.

In November 2023, the European Commission published the final set of EU Taxonomy criteria for economic activities making a substantial contribution to the four environmental objectives. In 2022, we worked with the draft annexes for the other four environmental objectives of the EU Taxonomy. Once completed, we used the final delegated acts, and reassessed our eligibility for all six objectives. In the draft version, the activity 'Manufacture of food products and beverages', which covers the majority of JDE Peet's' turnover, was still included. The reassessment however, showed that the largest part of JDE Peet's' turnover was omitted in the final version of the Environmental Delegated Act

Based on the latest EU Taxonomy legislation, JDE Peet's identifies only one economic activity as being eligible for the Taxonomy:
- Product-as-a-service and other circular use and result-oriented service models, as JDE Peet's sells and leases coffee machines to customers.

Based on this activity, JDE Peet's contributes to one of the environmental objectives of the EU Taxonomy: The transition to a circular economy.

Activities as mentioned under Disclosures Delegated Act Annex I 1.1.2.2 Numerator sub c are considered to be immaterial for JDE Peet's and are therefore not added as separate activity.

Since reporting on alignment is only required with respect to the two climate objectives in 2023, JDE Peet's will not report any Taxonomy-aligned turnover, capex and opex for this reporting year. JDE Peet's will move to gather the data and assess its Taxonomy-alignment for next year's reporting for all six environmental objectives.

DESCRIPTION OF KPIs

JDE Peet's defines its key performance indicators (KPIs) as determined in accordance with Annex I of the Disclosures Delegated Act supplementing Article 8 of the EU Taxonomy Regulation, as follows:

Turnover KPI

Accounting policy: The turnover KPI as implemented by JDE Peet's in the EU Taxonomy is in line with the definition of Revenue in note 2.2 of the Consolidated Financial Statements. The revenue allocated to services in this note, being 2%, represents the revenue eligible for the activity 'product-as-a-service'.

Definition of Turnover KPI: The turnover KPI is defined as the proportion of Taxonomy-eligible economic activities in JDE Peet's total turnover (numerator) divided by the net turnover (denominator). The denominator of the turnover KPI is based on JDE Peet's consolidated revenue in accordance with IAS 1.82(a), included in JDE Peet's Consolidated Income Statement.

Capex KPI

Accounting policy: Capex as reported in the EU Taxonomy is in line with capex as reported under EU IFRS (IAS 16, 38 and IFRS 16) in notes 3.2 and 3.4 of the Consolidated Financial Statements for both tangible and intangible assets. Capex can be reconciled as the acquisition of businesses, capital expenditure and initial lease recognition lines in the tables included in the notes to the Consolidated Financial Statements. Goodwill is not included in capex as it is not defined as an intangible asset in accordance with IAS 38.

Definition of capex KPI: The capex KPI is defined as Taxonomy-eligible capex (numerator) divided by JDE Peet's total capex (denominator). Taxonomy-eligible capex (numerator) is defined as all capex related to the Taxonomy-eligible economic activities of JDE Peet's.

Opex KPI

Accounting policy: Costs with respect to Opex are recognised in line with IFRS and are reported as part of the Selling, General and Administrative expenses in note 2.3.
The opex allocated to this KPI includes all costs related to maintenance and repair, research and development expenses, short-term leases and building renovation measures.

Definition of opex KPI: The opex KPI is defined as the proportion of Taxonomy-eligible economic activities in JDE Peet's total opex (numerator) divided by the opex (denominator).

Development in performance of the KPIs

The turnover, capex and opex related to the activity 'product as a service' is stable compared to last year, refer to the tables below. More information on the analysis of developments in turnover, capex and opex in 2023 can be found in the Financial Performance section of this report.

Reporting on KPIs

An overview of the KPIs is reported below (in EUR million where applicable):

Turnover				Substantial Contribution Criteria						DNSH (Do No Significant Harm) criteria									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		Millions, local CCY	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)*																			
			0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
Of which in enabling		0.00	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
Of which is transitional		0.00	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Product as a service	CE 2.13	179	2 %	N	N	N	N	Y	N								1%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
Total (A.1+A.2)		**179**	**2%**														1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		8,012	98%														99%		
Total (A+B)		**8,191**	**100%**														**100%**		

Not applicable

* Alignment only mandatory to disclose on climate change mitigation and adaptation, for which JDE Peet's has no eligibility.

Capex				**Substantial Contribution Criteria**						**DNSH criteria (Do No Significant Harm)**									
Economic activities (1)	Code (2)	Capex (3)	Proportion of capex (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) capex, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		Millions, local CCY	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Capex of environmentally sustainable activities (Taxonomy-aligned)*																			
			0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
Of which in enabling		0.00	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
Of which is transitional		0.00	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
Product as a service	CE 2.13	57	15 %	N	N	N	N	Y	N								11%		
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
Total (A.1+A.2)		**57**	**15%**														11%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		334	85%														89%		
Total (A+B)		**391**	**100%**														**100%**		

Not applicable

* Alignment only mandatory to disclose on climate change mitigation and adaptation, for which JDE Peet's has no eligibility.

Opex				**Substantial Contribution Criteria**						**DNSH criteria (Do No Significant Harm)**									
Economic activities (1)	Code (2)	Opex (3)	Proportion of opex (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) opex, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		Millions, local CCY	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Opex of environmentally sustainable activities (Taxonomy-aligned)*																			
			0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
Of which in enabling		0.00	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
Of which is transitional		0.00	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
Product as a service	CE 2.13	45	30 %	N	N	N	N	Y	N								31%		
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
Total (A.1+A.2)		**45**	**30%**														31%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Opex of Taxonomy-non-eligible activities		108	70%														69%		
Total (A+B)		**153**	**100%**														**100%**		

Not applicable

* Alignment only mandatory to disclose on climate change mitigation and adaptation, for which JDE Peet's has no eligibility.

Assessment of compliance with Regulation (EU) 2020/852.

A precise definition is provided per activity included in the annexes of the Climate Delegated Act and Environmental Delegated Act, describing the economic activities that fall within the scope of the EU Taxonomy. The eligible activities reported on in these disclosures were activities that fall within these precise definitions provided by delegated acts and recommendations by the Platform on Sustainable Finance. In our assessment of the eligibility of our businesses' activities, we used the available definitions provided so far and applicable to companies falling under the NFRD for 2022:

- The Disclosures Delegated Act, published 10 December 2021 and amended 21 November 2023
- The Environmental Delegated Act, the amendments to the Climate Delegated Act and the amendments to the Disclosures Delegated Act, published 21 November 2023

In addition to these, the reporting utilised the most recent information available from the FAQ document (related to the EU Taxonomy Regulation on the reporting of eligible economic activities and assets) published by the EU Commission in February 2022, December 2022 and June 2023. We have acted in good conscience and have rigorously followed the scope in the definitions provided by the delegated acts and the information provided in the FAQ published by the EU Commission. We have not included as eligible any activities that were deemed out of the scope of these definitions. When there was doubt regarding the inclusion of an activity, we have not included the activity as eligible. If, in the future, any of JDE Peet's' activities are shown to be within the scope of the descriptions included in the EU Taxonomy eligible, they will be added in subsequent reporting years.

CONNECTING PEOPLE

SUMMARY KPIs[20]

Our workforce at 31 December

No. of employees	Internal fill rate global leadership team	Employee workplace experience indicator[21]
21,196	61.5%	77%

Diversity, equity and inclusion

Share of women in leadership positions[22]	Pay equity-gap	DE&I champions & ERG members
41.3%	<1 %	270

Food safety and quality	Training	Occupational health & safety
Total manufacturing sites with FSSC 22000 certification or equivalent	Average training hours per employee	Total Recordable Incidents Rate (TRIR)
85%	23	0.59

WE UNLEASH THE POSSIBILITIES OF OUR EMPLOYEES!

Our company's purpose, vision and values guide the behaviours of our more than 20,000 employees worldwide.

Our Purpose
We unleash the possibilities of coffee & tea to create a better future

Our Vision
A coffee & tea for every cup

Our Belief
It's amazing what can happen over a cup of coffee or tea

Our Values
DISCIPLINE SIMPLICITY SOLIDARITY
ENTREPRENEURSHIP ACCOUNTABILITY

In 2023, we continued to embed our values across our operations, ensuring that they helped guide our people's behaviour at all levels of the organisation.

[20] More information can be found in the Overview of our non-financial information tables and the Non-financial information section of this report.
[21] Percentage of JDE Peet's employees that score with a 4 or 5 (out of max 5) to the engagement survey questions.
[22] Employees who are part of the Executive Committee and Global Leadership team of JDE Peet's.

JDE PEET'S EMPLOYEE VALUE PROPOSITION

The employee experience at JDE Peet's is a journey marked by impactful actions, personal and professional growth, and the shared purpose of enhancing the global coffee & tea landscape while having a positive and sustainable impact on the world.

With a love of coffee and all its possibilities, we play a positive role in many cultures in many countries, where millions of coffee moments take place each and every day. We are the champions of coffee democracy. Whoever you are, whatever you enjoy, there is a coffee or tea for you.

We have crafted many brands that are enjoyed around the world, from Moccona, Jacobs, and L'OR, to Douwe Egberts, Peet's and Campos.

We deliver above and beyond. We move fast, each playing our part passionately. Every effort counts. Action is what matters. We are progressive in our outlook, ambitious in nature, resourceful in action, and decisive in approach.

The core of our employee experience:
Unleash Your Possibility

WHAT IS IT LIKE TO WORK AT JDE PEET'S?

WE ARE IMPACT-FOCUSED AND AGILE

Our focus demands people who think fast and act. Real life is full of twists and turns, so we are agile, resourceful, and ready to change course at a moment's notice.

WE DELIVER ON OUR COMMITMENTS

We act on our intentions, follow through on what was agreed, and continually push forward.

My coffee journey with JDE Peet's started back in 2015. Since then I have held multiple roles (I am currently on my fourth), and have had the chance to explore the Supply Chain & Sales departments. I have always been a status-quo challenger and a promoter of 'continuous improvement as an attitude', which has brought me continual learning opportunities and great satisfaction over the years.

If you want to boost your career, while having hands-on experience and support from colleagues and mentors, JDE Peet's is the right place to be. It is the place to learn, grow and discover your strengths!

Dumitru Cristea
Trade Promotion Specialist

I am very proud to work for JDE Peet's because of the high-performance culture and the energetic and driven professionals I work with.

Josephine Bijloos
HR Manager Professional

WHAT'S IN IT FOR ME?

GROWTH IN A CATEGORY AS DIVERSE AS IT IS DYNAMIC

As the world's leading pure-play coffee company, we have big ambitions. We know you do, too. The world of coffee is dynamic, ever-changing, and offers endless opportunities to learn, develop and thrive, no matter what your role.

THE FREEDOM TO MAKE AN IMPACT

We thrive on the freedom to pursue opportunities. We work as partners and we bring out the best in each other, acting inclusively and as teams to challenge the norm, develop new ways forward, and make an impact.

Since 2012, I've been on an exciting journey at JDE Peet's. I started as a salesperson in Retail Norway and since then I've had the opportunity to grow and develop within different roles.

Today, I am part of the Nordic Shopper team. This gives me new input to learn and share experiences across different markets. It's exciting and motivating to work with strong brands in several countries, where you are driven forward by talented colleagues who all share the same passion for coffee.

Ibis Kalgraaf
Customer Shopper Manager

I started with JDE Peet's as a machine operator, then soon got the opportunity to work in various supervisory and coordinator roles. This has provided me with the opportunity to grow. What's most important is that we challenge, learn from, and support each other along the way.

Julia Archie
Production Manager

WHAT AM I PART OF?

PLAYING OUR PART TO POSITIVELY IMPACT THE WORLD

As a business committed to unleashing the possibilities of coffee & tea for a better future, we recognise our responsibility to elevate standards within our business and beyond.

I've been in coffee for over 20 years and sustainability is a core part of why I enjoy the industry. As we buy 8% of the world's coffee, JDE Peet's holds the awareness and drives action on what and how we can do better; from working with World Coffee Research to our Common Grounds programme which support farmers and all levels within the value chain

Shaun Kumar
Sales Manager & Coffee Ambassador

AN ORGANISATION AT THE HEART OF THE WORLD OF COFFEE & TEA

Coffee & tea are at the heart of life. During the big moments and the small, they keep us energised and bring us to life on our special days. Deals are made, conversations are had, life is lived.

It's great to work in a factory with a rich history, while constantly innovating--all while the smell of coffee is all around you! My admiration goes to everyone involved in our products - technicians, foremen and our operators. We work to prepare a wonderful coffee experience for our consumers.

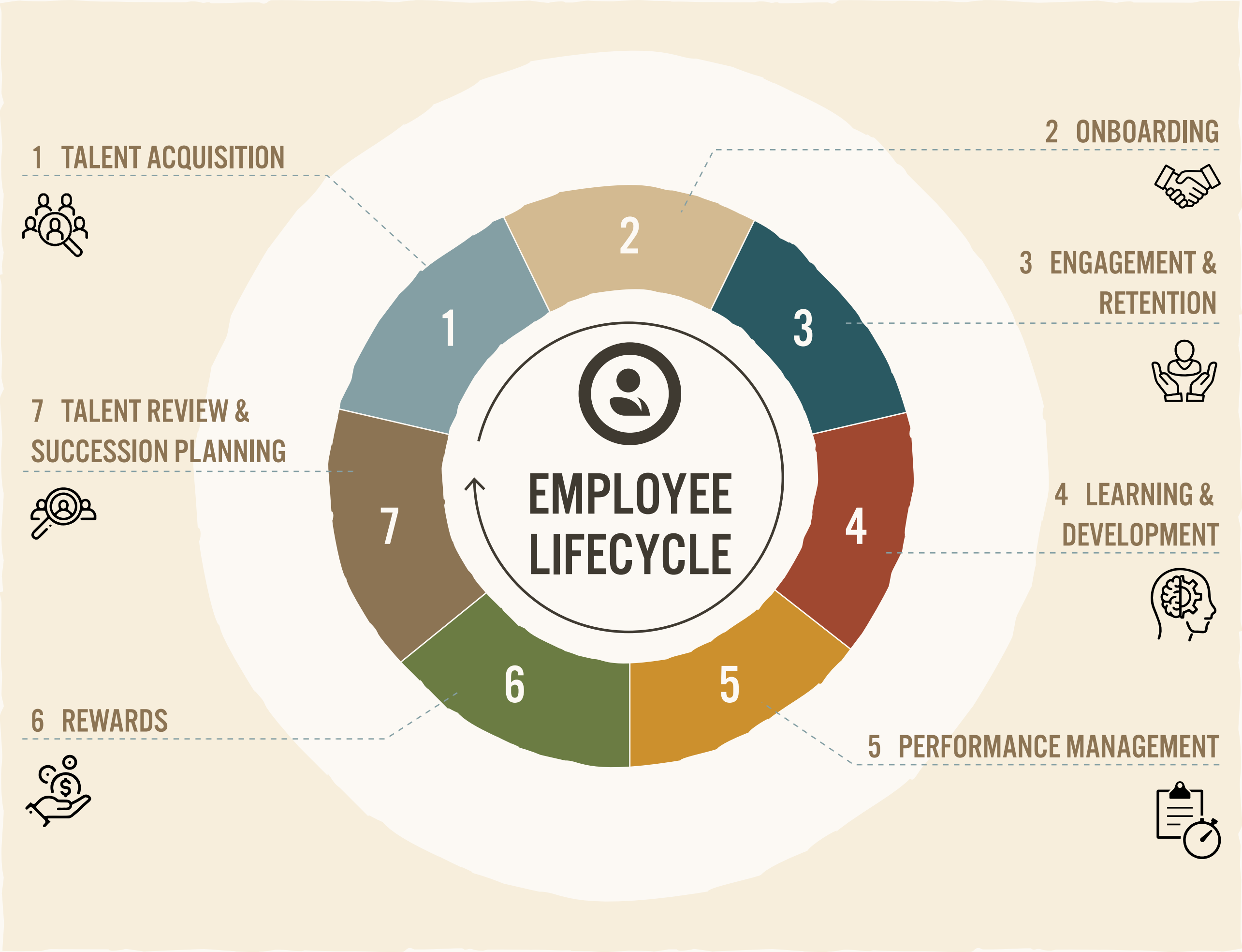
Iveta Urbanová
Production Engineer

GROWING OUR PEOPLE

At JDE Peet's, we use standard playbooks (policies) to guide our global people processes throughout the entire employee lifecycle, from recruitment to performance and talent management.

These playbooks enable us to drive standardisation and objectivity, eliminating potential bias and ensuring an inclusive experience in the workplace. We place our people at the centre of everything we do. These playbooks are shared with our employees via our internal website.

Overviews, capability building materials and guidance on our people processes are available for all relevant target audiences online, while our HR professionals can access detailed guidance and materials through a dedicated global platform.



WE BUILD ON OUR DISTINCT STRENGTHS, SHAPING THE ENTREPRENEURIAL ENVIRONMENT WHERE COFFEE & TEA CHAMPIONS THRIVE AND SUSTAINABLY GROW JDE PEET'S TOGETHER.

TALENT ACQUISITION

At JDE Peet's, we aim for a streamlined talent cycle and talent acquisition (TA) is our starting point. Our objective is: to attract and recruit the right individuals for the right positions to strengthen our talent pipeline, while fostering internal mobility and ensuring a seamless employee experience.

A STANDARDISED APPROACH TO TALENT ACQUISITION

Our TA playbook lays the groundwork for a standardised and robust recruitment process. By applying consistent methodologies and frameworks across the organisation, we streamline and optimise the selection and assessment of candidates. The playbook defines the criteria for the best fit within JDE Peet's through an in-depth assessment and interview process, ensuring alignment with our organisational goals and values.

The best fit for JDE Peet's is defined through four different lenses:

- Fundamental characteristics
- Functional competencies
- Leadership capabilities
- Learning agility

CHAMPIONING EQUITABLE PRACTICES

JDE Peet's is committed to creating an inclusive and diverse workforce, and our talent acquisition practices reflect this commitment. Our playbook champions equitable practices, including balanced shortlists for gender and nationality. We firmly believe in creating an inclusive culture that celebrates diverse perspectives and experiences, aligning with our goal of building a strong, connected, and high-performing team.
By embedding DE&I principles into our TA process, we strive to attract and select the best talent while fostering a diverse and inclusive workforce. DE&I is embedded in our signature recruitment process to decrease potential bias and increase objectivity. By involving multiple interviewers, leveraging an advanced applicant tracking system, and implementing online assessments, we ensure fairness, reduce potential bias, and enable objective selection.

DRIVING TALENT INSIGHTS THROUGH OUR APPLICANT TRACKING SYSTEM

We use our Applicant Tracking System (ATS) to create a Global TA KPI dashboard that focuses on governance, time, quality, sourcing, and cost. By harnessing this technology, we gain valuable insights to drive optimisation and make informed decisions. Our ATS centralises talent data and provides us with vital insights into our recruitment efforts. Through the Global TA KPI dashboard, we align our strategies with organisational goals and monitor KPIs to enhance recruitment effectiveness and target the right talent pools. The ATS ensures transparent governance by tracking adherence to policies and procedures. It helps us maintain compliance and a fair process for all candidates.

PROGRESS IN 2023

IMPROVING CANDIDATE EXPERIENCE WITH REVAMPED LOCAL CAREER PAGES

In 2023, we successfully relaunched our 40 local career pages. This strategic initiative aimed to effectively communicate our Employee Value Proposition message to prospective employees, providing clear insights into what it's like to work at JDE Peet's and the sense of purpose our employees contribute to.

Our revamped local career pages serve as a window into what working at JDE Peet's is like. Through engaging content, compelling visuals, and real-life employee stories, we provide candidates with a genuine understanding of our culture, values, and the unique opportunities for growth.

ONBOARDING

The purpose of the onboarding process is to smoothly integrate new employees into the organisation. This is done by familiarising them with the company culture, policies, and their roles, providing training, fostering engagement, and ensuring compliance with regulations. Effective onboarding enhances retention, productivity, and the overall employee experience. Our Onboarding playbook explains the process within the company, ensuring that after the first 90 days the new employee:

HAS CLARITY

- Knows the company story, the strategic direction and the basics of coffee & tea
- Knows the market/unit: business plan, customers, brands
- Knows what is expected of them in their role

IS COMPETENT

- Understands the way of working in their location and is equipped with the right tools
- Understands the philosophy, processes and tools practised in their function
- Understands the way we manage and develop people

IS ENGAGED

- Is connected with their team and the stakeholders relevant for their job
- Feels 'supported' by their buddy
- Feels that JDE Peet's is investing in them to 'Become the best you can be'

ENGAGEMENT & RETENTION

Engagement is an emotional connection to one's role, team or company. Engagement has a profound impact on well-being, and there is evidence that people with higher levels of engagement are less prone to stress or burn-out, and form more effective relationships at work and in their private lives. Research shows that engaged teams and organisations have greater productivity and business performance, generating higher profits and more positive customer experience.

Our engagement strategy is aimed at driving engagement via our people managers, while our Executive Committee is an engagement role model with their engagement results placing them in the top quartile amongst peers. Our Global Leadership team members have a high engagement index of 16.5:1, which shows the ratio of engaged to actively disengaged leaders.

But engagement is more than just a survey; while our annual engagement survey helps us measure and create an engaged workplace, it is part of our employee listening strategy.

PROGRESS IN 2023

In 2023, 85% of our employees took part in our company-wide annual survey, and our aggregated results expressed as the Workplace Experience Indicator showed that 77% of our employees scored a 4 or 5 (on a 5-point scale) on the engagement survey questions, a 2 percentage point increase compared to 2022. Building on the success of the previous year, in 2023 we continued to measure DE&I and well-being through additional questions. Reviewing the ratio of engaged to actively disengaged employees globally per different employee group, in 2023 we saw no significant differences across either gender or generation.

Feedback becomes powerful when we act on it, and we are creating accountability through an efficient process driven by our people managers. Following the release of the survey results, people managers are mandated to share, cascade and discuss results within the company. It is a team responsibility to be candid about engagement and select a number of areas to work on and address with an action plan. In the months following the survey, teams check on the progress of their agreed actions, to course-correct when needed and continue the conversation on engagement.

SUPPLY CHAIN TEAM, BRAZIL

According to Marisa, the supply team in Brazil embraces the company's culture and is inspired by our values to deliver the best results every day: "We focus on developing our team skills and capabilities to enable continuous improvement in our operations in an increasingly challenging context. We have leaders who promote initiatives to recognise our employees, valuing the unique contribution that each one can bring to the team, collaboratively. We are also fostering diversity, equity and inclusion, so that we can promote a work environment in which everyone can feel truly integrated and able to contribute to our organisation. As a result, we saw positive developments in our engagement scores related to management support and growth opportunities. We believe this is a daily journey, that gets better with intentionality and a people-centric mindset."

Global procurement team, the Netherlands

According to Evgeny, having highly engaged employees is critical to success. When people feel strongly connected to their teams, love their jobs, and have positive feelings about the function, they are happy to stay and work hard to help the organisation, and their team, succeed. But when it doesn't go well, how does a team respond?

Evgeny, who went through this process with his global procurement team in 2021, says the first step was to have meaningful conversations with employees, creating emotional connections. This enabled employees to understand how much their success meant to the company, and enabled Evgeny and his team to understand what really matters to employees, what inspires them, and what demotivates them. Based on this, procurement implemented the following activities:

- They created a clear and compelling Procurement Vision, aimed at engaging employees and outlining a strategic direction for their function
- They transformed the organisation's design, creating a range of attractive new jobs to help people build their careers at JDE Peet's
- They equipped their people with simple and effective instruments to map career paths and build development plans to help them improve
- They created a Procurement Capabilities Framework, which helps employees obtain valuable skills and become better professionals
- Finally, they maintained a continuous dialogue with employees through regular individual conversations, procurement events, and regular get-togethers to celebrate successes.

In 2023, procurement employees were far more engaged than they were in 2021, with the engagement survey score increasing to 4.17 (2021: 3.71). The Procurement Leadership team was even more engaged with an overall score of 4.48 in 2023.

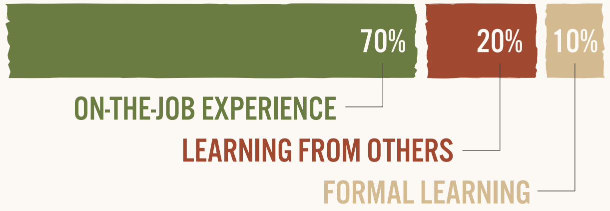
The efficiency of the follow-up process is measured by the Accountability Index, which is translated into three additional survey questions: feedback was received; action planning discussion was conducted; progress on action plans was made since the last survey.
Every people manager in JDE Peet's has a performance target to achieve a score of 4 or more (on a 5-point scale) on this index, and is evaluated on this target through the annual performance appraisal.
To provide targeted support to our people managers, we benchmark our team results internally and check team distribution over the team quartiles. This approach enables us to monitor team progress and follow the team movements year on year.
The survey execution and process are guided by our engagement playbook, which is available to HR and people managers across the company.

LEARNING & DEVELOPMENT

We empower and equip our people to be in the driving seat of their own career and development. Improving current capabilities and developing new ones leads to improved performance and higher engagement, which creates better business results.

Our Learning & Development approach is distilled from the business strategy and is connected to other HR processes, such as performance or career development.

Our strategy combines centrally designed and deployed development programmes and curricula with locally driven initiatives and personalised learning plans our employees build, based on their unique development needs. We believe a strong development mix includes 70% on-the job experience, 20% learning from others, and 10% formal training. We provide opportunities and invest in programmes in all three areas, encouraging employees to choose which offering is most suited to their specific needs.



The learning and development strategy for our people is strongly connected to our career development philosophy, and they discuss and review their development plans at least three times per year with their line managers.

CAREER DEVELOPMENT AT JDE PEET'S

We have defined a Career Development Model to support employees on their journey and provide the right skills, tools and resources to develop their careers with us.

Internally, and with the involvement of management and employees, we have defined a set of leadership capabilities, functional competencies and critical experiences that offer orientation and guidance to everyone looking to build a development plan and to develop skills and capabilities for their next career step.

The Leadership Capabilities support our strategic framework, further crystallising our HOW. While our values define our collective behaviours, our Leadership Capabilities define our personal attitude and our intentionality. We expect every employee to act as a leader irrespective of grade, function or experience. Leadership at JDE Peet's is a mindset, not a job title, which is why Leadership Capabilities are relevant for everyone.

L&D APPROACH

JDE PEET'S UNCONSCIOUS BIAS E-LEARNING

In 2023, we designed and implemented a JDE Peet's unconscious bias e-learning, where employees undertake different activities and interactive challenges related to unconscious bias. Employees follow the coffee journey from bean to cup, which helps them understand how they affect our day-to-day decision-making. This is followed by practical suggestions on how to address such unconscious biases. The course uses real-life scenarios from across the company that connect with each moment of the employee lifecycle.

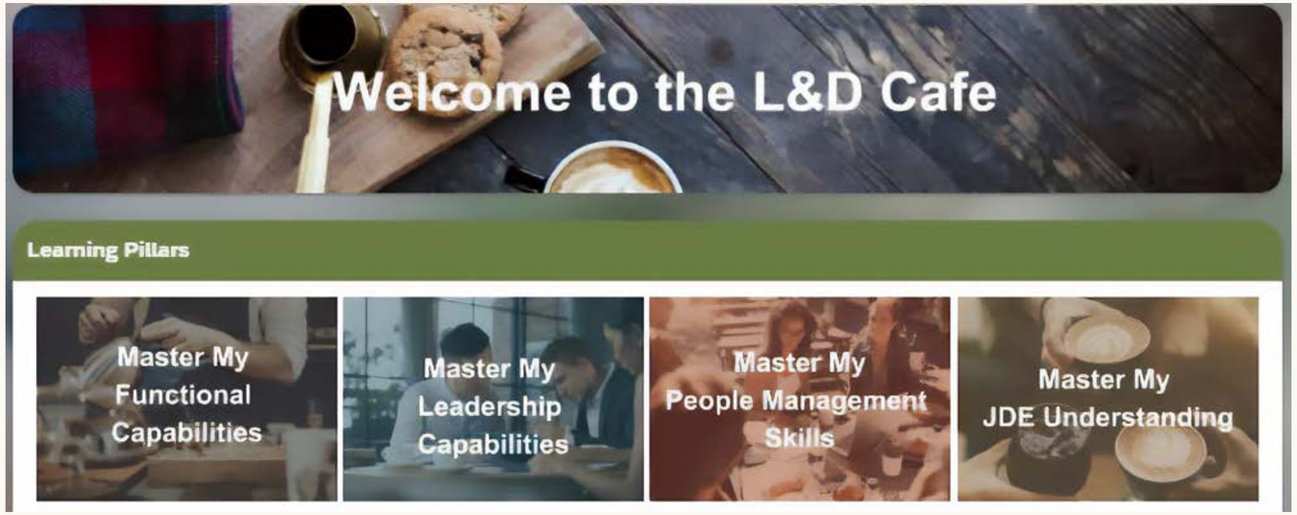
We created the e-learning in the eight most commonly used languages in the company: English, Dutch, German, Portuguese, Russian, French, Malay and Czech. In many markets, this course is automatically assigned to new employees as part of the onboarding programme, as well as being either assigned or promoted to existing employees depending on their language. We also promote this course ahead of each key training programme as pre-work and at key moments of our core processes, such as our performance review or objective setting.

EMPOWERING OUR EMPLOYEES TO GROW

We equip our people with the right tools, technologies and options to develop. In 2023, we introduced a new Learning Management System (LMS) to enhance the smooth operation and reporting of our learning activities. The LMS provides deeper insights and a more organised structure, enabling us to effectively monitor trends and the progress of our people. It is our one-stop-shop for education and enhancing our employees' knowledge, which is structured around four pillars: functional capabilities, leadership capabilities, people management skills, and organisational culture, covering topics such as coffee & tea, sustainability, DE&I and well-being. It provides many opportunities for self-paced learning, bite-size learning, webinars, e-learnings, or in-person sessions.

LEARNING KICKS

Twice per year, we organise our Global Learning Kicks, which are global virtual training events. In 2023, we offered 73 webinar-format sessions, which saw a total registration of nearly 1,500, representing 30 countries. These webinars are globally driven and cover a variety of topics identified as relevant, based on in-depth needs' discussions with the local markets. They are open on-demand to all our English-speaking employees, based on seat availability, and are followed by local development initiatives in the local markets. We also included several DE&I-related workshops as part of the Q2 and Q4 Learning Kicks for employees around the world. The aim is to continuously embed DE&I within existing L&D frameworks, and provide opportunities on top of local initiatives for employees to increase their DE&I knowledge and continue fostering an inclusive culture.



Migrating our LMS to the new platform has opened up completely new possibilities for us. We've gained never-before-seen autonomy over our local content, can create new content with ease and provide it to our associates at the press of a button. Not only were we able to improve on quality, but we were also able to expand our offering to all associates in DACH and to connect 500 new users as a result.

Jannes Kirchoff
Development Expert DACH

OUR LEADERSHIP DEVELOPMENT JOURNEY

We strive for a culture of pride and performance. Each year, leaders at all levels are engaged in a leadership development journey with multiple touch points, to improve leadership capabilities and prepare themselves for the future. We offer several global programmes that cater to the different stages and needs of the management development journey.

The JDE Peet's Leaders' Journey

People Manager Essentials
The foundation of leadership at JDE Peet's, open to all aspiring and current people managers

Rise
A nomination-based programme for highly talented, experienced managers, growing their leadership capabilities

Elevate
A highly selective, intensive programme that challenges and stretches senior leaders to address strategic leadership challenges

The programmes are designed as comprehensive and iterative learning journeys, with participants learning from personal insights, leadership frameworks and external industry experts, over a period of several months.

Key elements include self-awareness through assessments and 360° feedback, training with world-class facilitators and external speakers, complex business simulations with observation and feedback, coaching and mentoring, practice and support in groups with peers, planned actions and learning from application and frequent reflection and feedback.

As part of the leadership development journey, we offer external, professional coaching to our leaders through a digital coaching platform. In 2023, employees across the world were able to choose their own International Coaching Federation (ICF) certified coach, setting goals and development areas in conjunction with their managers.

Over the course of the year, there were 63 participants, rating the programmes 4.5/5.

Rise and Elevate programmes

COMPANY-WIDE CULTURAL ALIGNMENT

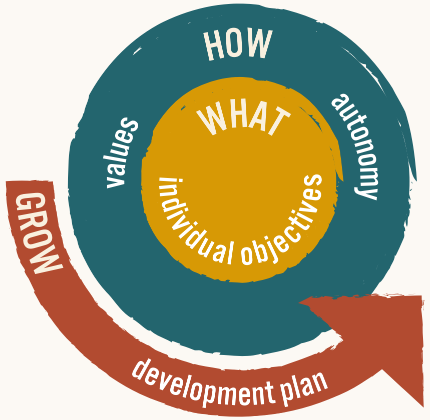
In 2023, our leadership teams across the world underwent an extensive cultural alignment programme called Breakthrough Global. During an 8 month period between February and September, 1,313 of our leaders participated in one of the 18 sessions deployed around the globe.

The sessions were highly interactive and had the following objectives:

- Align culture with strategy
- Create high-performing teams and alignment
- Unlock individual empowerment
- Accelerate growth.

PERFORMANCE MANAGEMENT

Performance management is guided by a global playbook ensuring consistency and objectivity within the company. We want to achieve sustainable results, which is why it is important to meet business expectations and ensure that teams are engaged and focused for the future. Each employee plays an important role in contributing to the company goal.



Performance management is a continuous process, composed of three formal moments:

- Objectives are aligned at the beginning of the year between employees and their direct managers and formalised through the objective-setting process.
- During the year, we recommend that multiple check-ins take place in addition to the formal half-yearly check. These involve conversations between the manager and the employee.
- At the end of the year, a formal evaluation of the employee's overall yearly performance takes place, with a calibrated outcome that has embedded multiple data points and stakeholder feedback. The calibration ensures that potential rating bias is reduced and ratings are relative to performance amongst peers, as well as being consistently applied across the organisation.

PROGRESS IN 2023

In 2023, 86.0% of JDE Peet's employees were in scope for performance appraisal conversations. Our people managers are committed to delivering high-quality performance discussions that cover performance development, personal engagement and growth. To ensure that all employees in scope receive their objectives and valuable feedback, these processes have a 95% or more completion rate set as a KPI, which allows room for local exceptions to be made in case of for example long-term absence.

An important part of our performance management is dedicated to employees' development and growth through the creation and follow-through of a continuous development plan.

Our newly implemented L&D platform enables our employees to easily search the learning catalogue and link learning items directly to their development plans.

To monitor efficiency, we report on KPIs, ensuring we apply a DE&I lens where possible. During the evaluation of end-of-year performance data in 2023, deliberate efforts were made to review performance processes for potential (gender) bias.

REWARDS

Our rewards philosophy reflects who we are and is a key enabler of our entrepreneurial culture. This philosophy is designed to be simple, effective and transparent and supports us to:

- Attract, engage, incentivise and retain coffee & tea champions
- Drive a high performance, entrepreneurial culture where champions act as owners
- Encourage collaboration, as an essential part of our success.

Pay for performance is core to our rewards philosophy. At the same time, our philosophy and key processes are designed to enable us to determine and distribute rewards fairly, with regard to what each employee brings to the table.

Whilst the actual components of employees' reward packages may differ by location, depending on local market practice, regulations, applicable collective bargaining agreements and other factors, there are key guiding global principles to support our philosophy as described below.

BASE SALARY

We aim to provide an equitable and market-competitive base salary in order to attract, engage and retain coffee & tea champions. Salaries are aligned with the employee's level of experience, scope of responsibilities, location and performance over time.

Unless otherwise dictated under local collective bargaining agreements, we review salaries annually in line with our pay for performance philosophy and to ensure that we continue to pay competitively and equitably.

SHORT-TERM INCENTIVES

In line with our focus on pay for performance, over two-thirds of our employees participate in a short-term incentive plan. The majority of these employees participate in the annual bonus plan, which incentivises and rewards the delivery of our annual business priorities. These priorities may include financial as well as personal objectives that contribute to the delivery of our financial plan.

For the employees participating in the annual bonus plan, the financial performance measures are typically the same as those applicable to the executive Director as described in the Remuneration Report section, as follows, with targets aligned to the participant's area of responsibility:

- Net Sales, net of commodity inflation/deflation
- Adjusted Earnings Before Interest & Tax (EBIT)
- Average Operating Working Capital (OWC).

SHARE PLANS

Thinking and acting as owners is part of our company culture. We offer senior leaders in JDE Peet's the opportunity to participate in our share plans in order to balance short- and long-term focus, incentivise long-term value creation and align their interests with those of our stakeholders.

During 2023, we expanded the eligible population of our Share Purchase Plan (SPP) to over 600 employees, determined by band. Under the SPP, eligible employees can choose to purchase shares in JDE Peet's and, subject to holding these shares for at least three years, receive one matching share from the company for every three shares purchased.

OUR COMMITMENT TO EQUAL PAY

We are committed to all employees receiving equal pay and treatment for carrying out the same work or work of equal value. To ensure this is practiced throughout the company, we work with Mercer, a leading external HR consultancy, to measure the impact of our pay policies through periodic gender pay equity analysis. This ensures both independent quality assurance as well as the adoption of best-in-class methodology.

You can find more information in the Breaking Down Potential Barriers to Women's Empowerment section in this chapter.

TALENT REVIEW & SUCCESSION PLANNING

The Talent Review & Succession Planning playbook sets out global principles, defining roles and responsibilities, providing an evaluation framework, philosophy, communication materials, definitions and guidelines, as well as toolkits and templates for executing the process to achieve its purpose. The purpose of our Talent Review is to ensure we drive the following outcomes:

- Ensure we have the right leaders to deliver the business agenda
- Strengthen the leadership pipeline for the future
- Foster talent movement across the company
- Agree how we can best support the development of our talent pool.

Our leaders own the talent review decisions, succession pipeline and the development of their employees, and together with their teams, they are responsible for the next generation of leaders, aligning their views and leveraging their strengths as a group to create growth opportunities. DE&I considerations are embedded in the talent discussions, ensuring that diversity in the talent pipeline and succession plan is visible and actively highlighted throughout the process. Leaders focus on their respective scope, with the minimum requirement that all employees at manager level and up are part of the process. Expanding the scope to other employees is based on local priorities. The process builds up from local, to regional, to global reviews, ending with our Executive Committee review of the company's top talent and their development steps, and succession for mission-critical roles.

Some of the data analytics reviewed as part of the process are for talent pools, talent retention and turnover, movement of talent, talent and succession planning pipelines, and specifically for gender balance within them.

PROGRESS IN 2023

In 2023, we leveraged the recently implemented talent and succession data and system capabilities to ensure organisational readiness by shifting the focus towards succession, resulting in a 55% increase in positions with identified successors. Zooming into Director roles, we continue to balance external hires with internal development moves.

We are continuously looking for ways to strengthen the bench strength of our succession planning, and in 2024 one of the areas we'll test, is the creation of global talent pools for similar functional Director positions, which should provide more flexibility for internal assignments.

Our employees are at the centre of the talent review discussions. Thanks to a targeted campaign with employees sharing their view on being in the driving seat of their own careers, in 2023, 91% of our employees in global scope provided the company with their inputs on their talent profile.

We support our employees through their lifecycle transitions, including preparation for retirement. This is done through local programmes and aligned with market-specific legislation. For example, in the Netherlands, we have various measures in place, such as reduced working hours prior to retirement, part-time pension, a pre-retirement course, or tax and financial advice.

DIGITALISING THE EMPLOYEE LIFECYCLE

We recognise that in a hybrid and increasingly digital world, we need to continue to invest in having the right technology that can support our employees and provide them with an engaging user experience and our managers with actionable insights through data.

In 2023, we continued to optimise our global system for managing performance, development, talent review and succession planning.

We expanded the key metrics we extract, thus enabling us to drive the right decisions across the organisation. We built on this with the launch of a people analytics tool for HR to further support the business in answering their people and organisation questions, and to drive impact where it matters.

We launched additional listening tools for moments that matter, to help us understand if employees are getting the necessary onboarding to be successful, as well as why employees leave the company. The onboarding and exit surveys now provide the company with insights into how to improve the engagement of our new joiners for a successful start at JDE Peet's, and what the main reasons are behind voluntary turnover in the company.

OUTLOOK

In 2024, we aim to focus on raising awareness of JDE Peet's as an employer of choice. We will engage external talent, as well as internal employees, with our employee value proposition through online and offline channels. By leveraging our employer branding narrative and showcasing action-to-impact local stories, we aim to increase internal engagement, especially around the topic of the importance of our day-to-day work, and to attract external talent that would find a fit in our entrepreneurial environment.

In 2024, we plan to continue investing in the power of teams by driving a team development framework. This will consist of a wide range of activities designed to improve overall team performance and build high performing teams. We know from research that teams make better decisions, produce more innovative ideas, and implement them faster than individuals working alone, making effective teamwork a competitive advantage.

WE STAND TOGETHER IN OUR DIFFERENCES

We believe in fostering a more diverse, equitable and inclusive organisation where everyone feels comfortable to truly be who they are and unleash their full potential.

By reflecting the world we live in, we are better able to serve our increasingly diverse consumer base and deliver on our vision “A coffee & tea for every cup”. And by living our values, we make sure that we are an organisation free of potential barriers, where each employee takes responsibility to progress our commitments and where we stand together in our differences.

OUR GLOBAL APPROACH TO DIVERSITY, EQUITY, AND INCLUSION

At JDE Peet's, we share a common understanding of what diversity, equity and inclusion (DE&I) means for us as a company:

- Diversity describes the parts we all bring as an individual or group that make each of us unique. Diversity is the blend that demonstrates the representation we collectively bring and that defines who we are as a company.
- Equity is about fostering fair access, opportunity and advancement for all and being supportive of differences. Equity is also about identifying and eliminating potential barriers that may hinder fair access and opportunities.
- Inclusion is the conscious act of creating a culture of belonging, where all employees can be their true selves and are celebrated for who they are. Inclusion is also about listening, learning and making the voices of everyone heard. It requires each of us to take active steps to counteract potential biases and stereotypes.

We recognise DE&I as a key business enabler, and one of our most material topics as it contributes to each pillar of our strategy[23]:

- **Serve more cups**, by increasing our ability to reflect our consumers so we can attract and retain them, and capture new markets
- **Master execution**, by leveraging diversity of thought to further improve our decision-making and problem solving
- **Grow together**, by attracting, engaging and retaining the best talent, regardless of who they are.

OUR GLOBAL DE&I POLICY

PROGRESS IN 2023

We introduced a global DE&I Policy in 2023, expanding on our existing Board Diversity Policy, which underscores our commitment to our employees, provides more explicit guidance internally to our change makers, and meets the growing expectations from our external stakeholders. The policy explains how we define DE&I within the company, sets out our approach under the DE&I strategic framework, and details how we monitor and report on our progress. Together with our DE&I strategy, it constitutes the basis for the deployment of DE&I throughout the organisation. The policy relates to our ambitions on gender equality and, specifically, gender representation within the Board, the Executive Committee and other leadership positions. It also states our commitment to pay equity and non-discrimination, the latter reinforcing our Code of Conduct and Speak Up Policy.

The policy applies to employees, directors and officers of JDE Peet’s. The CEO is accountable and the Chief HR Officer is responsible for the policy's implementation. The Remuneration, Selection and Appointment Committee of the Board review the policy, including its effectiveness, and recommends as appropriate, any revisions to the Board for approval. The policy contributes to the United Nations Sustainable Development Goal #5 on Gender Equality and is in line with the Dutch Corporate Governance Code.

By setting this policy, we recognise the interests of our employees in being part of a diverse workforce that represents the world we live in, in being able to access equal opportunities and in being able to be their true and authentic selves. We also recognise the interests of our stakeholders, as DE&I contributes directly to each pillar of our business strategy.

During the year, we also launched our internal TrueYOU hub, which states our DE&I strategy and story and contains a library of resources, video recordings, and images of past global activations. This ensures all our employees have easy access to this information and are aware of, and aligned with, our stance and vision for DE&I globally.

OUR GLOBAL FOCUS AREAS AND MATURITY MODEL FOR LOCAL ACTIVATION OF DE&I

To ensure we are on a journey towards a common goal globally, while acknowledging local differences, we have selected two global priorities:

1. Break down potential barriers to women's empowerment
2. Value differences to ensure our employees can be who they truly are.

We bring awareness on these priorities to all our employees globally, in part through our three global activation moments:

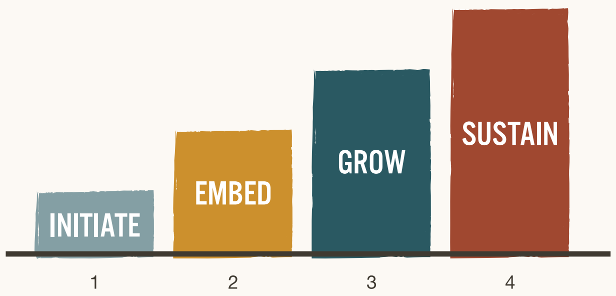
- Gender Balance Month in March, when we recognise the importance of achieving gender balance and equity and use International Women’s Day as a ‘kick off’ for these discussions.
- Pride Month in June, when we recognise LGBTQ+ people globally by amplifying their voices, supporting their rights, and celebrating their culture.
- TrueYOU Week in October, where we actively advance the awareness of DE&I across JDE Peet's globally, with an intersectional lens and a focus on inclusion.

[23] See the Our strategy section of this report for more information.

PROGRESS IN 2023

The local activation of our global DE&I strategy is driven by more than than 270 DE&I champions and employee resource group members globally. In 2023, this was 28 more than 2022. Every market, site or local country team is empowered to define their local focus areas which fit their social or legal context.

In 2023, we launched the second version of our DE&I activation toolkit, initially launched in 2021. This toolkit outlines a pragmatic and systemic approach for local DE&I activation, and is based on a maturity model structured in four stages (see figure). The updated toolkit provides more clarity on deliverables of stages 1 and 2, more in-depth guidance and further internal case studies to instill best practices. This enables our markets and sites to be fully equipped to activate DE&I locally with optimal guidance.



Our 4-stage maturity model for local DE&I activation

Stage 1: Initiate

We expect three key outcomes:

1. All key stakeholders to clearly articulate the case for change and the business impact
2. Commitment demonstrated and accountability established for key stakeholders
3. Awareness achieved across the market/site via training and development.

These outcomes enable us to create a solid foundation and set the local market/site up for success with the right structures, commitment and tools.

In practice, we measure progress by identifying whether some key deliverables have been attained, such as:

- Assessment of gender status based on existing data at key stages of the employee life cycle, and potential next steps to improve and/or sustain progress.
- General Manager, Management Team and change makers utilise multiple channels (town halls, events, workplace, business/team meetings) to regularly promote the global and local DE&I approach to employees, and demonstrate their commitment and accountability for progress.
- At least one local activation for each of the global calendar moments (Gender Balance Month, Pride Month, TrueYOU week).
- One DE&I sponsor from the Management Team, one DE&I champions lead, and ideally a number of champions.
- More than 80% of local Management Team members have completed JDE Peet's global Inclusive Leadership training programme.

Stage 2: Embed

We expect three key outcomes:

1. Change initiated in stage 1 to be embedded into our structures (not just in isolation)
2. DE&I strategy (informed by data) agreed on by key stakeholders
3. Leaders consistently demonstrate inclusion and articulate the actions and behaviours expected of others.

These outcomes help ensure that transformational change is sustained across the workforce and workplace pillars of our global strategy, while establishing accountability for delivery of the strategy and KPIs, and to measure our progress.

In practice, we measure progress by identifying whether some key deliverables have been attained. For instance:

- Data points are collected to inform action/ improvements via local surveys (>40% participation rate), focus groups/listening sessions conducted per diversity dimension.
- Locally relevant dimension(s) of diversity have been determined as long-term strategic priorities and include KPIs to assess progress.
- Global/local DE&I strategy is included in the local onboarding programme and employees are aware of the role they play, and how they can get involved.
- At least 10-15 champions, representing all functions and areas and the establishment of one employee resource group (ERG) per long-term priority.
- Management seek 360° feedback as part of their development plan from a diverse group, including their team, share results with their team, and include in individual action planning.

At the end of 2023, we had reached a completion rate of over 98% for stage one (an 18 bps increase compared to 2022) and over 33% of stage two across all markets (a 33 bps increase compared to 2022).

We activated DE&I across our 18 manufacturing plants in Europe and Brazil by making plant leaders, alongside their HR site manager, responsible for driving DE&I within their plant. Each plant leader acts as a sponsor and has been invited to be part of the global change makers community and join the bi-monthly Change Makers Circles. They follow guidance in the DE&I activation toolkit.

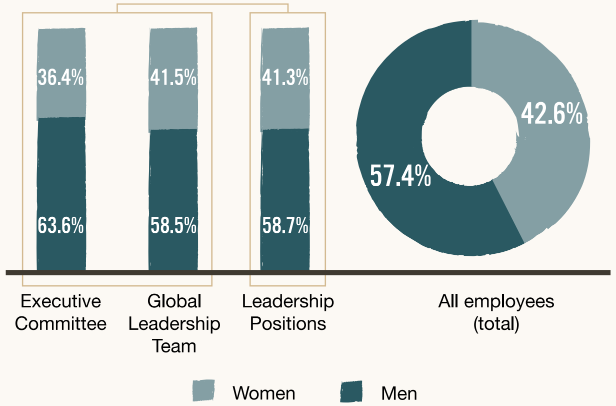
BREAKING DOWN POTENTIAL BARRIERS TO WOMEN'S EMPOWERMENT

PROGRESS IN 2023

Reinforcing our commitment to contribute to the United Nations Sustainable Development Goal #5 on Gender Equality, we are proud to have joined the UN Women's Empowerment Principles in 2023. This will help us accelerate the progress we've been making in ensuring that employees from all genders feel equally empowered to thrive at JDE Peet's. The United Nations Women's Empowerment Principles aim to help companies evaluate their practices, projects, and policies related to gender equality, and they help us reinforce our commitment towards our employees and external stakeholders.

We believe that employees from all genders should feel equally empowered to thrive and have the opportunity to grow into leadership positions. Our ambition is to ensure the representation of women in leadership positions reflects the percentage of women in our total workforce, and at the start of 2022 we established a milestone to reach 40% of women in leadership positions by 2025. By the end of 2022, we had already exceeded this commitment, with women holding 41.0% of our leadership positions across the company and we maintained this in 2023, with 41.3% of leadership positions within the company held by women at year end. This KPI is under limited assurance through the audit performed by Deloitte.

Gender ratio



In 2023, we became a global supporter of Catalyst, a global non-profit organisation supported by many of the world's most powerful CEOs and leading companies to help build workplaces that work for women. Through this partnership, our community of change makers, champions and ERGs, as well as our global HR community, benefits from access to tools and resources aiming to support them in their actions related to gender equality and DE&I.

We do not tolerate discrimination on the basis of gender or any other identity trait, as stated in our Code of Conduct, and in 2023 we decided to take more specific action on this topic by undertaking a comprehensive global campaign on moral and sexual harassment situations and other types of discrimination. This campaign included global communications and a global e-learning course Creating a Respectful Workplace. Similar campaigns were conducted in some of our markets.

In 2023, for the second consecutive year, we measured our commitment to a respectful workplace through our global employee survey, asking our employees whether they feel respected at work. We are proud to report that we reached a score of 4.37 on a scale of 1-5 (4.34 in 2022), with no significant difference in the result between men and women.

We believe that equal pay is key to fostering diversity, equity and inclusion and ensuring that all genders feel equally empowered. This is why we are committed to all employees receiving equal pay and treatment for carrying out the same work or work of equal value. To ensure this is practiced throughout the company, we work with Mercer, a leading external HR consultancy, to measure the impact of our pay policies through periodic

gender pay equity analysis. This ensures both independent quality assurance as well as the adoption of best-in-class methodology.

In March 2023, we were very proud to share the findings of our analysis with employees globally, which showed that across the company the pay difference between men and women is less than 1%. This level of difference places JDE Peet's among industry leaders in this space and falls significantly under the EU directive's threshold of 5%. We are pleased that our focus on delivering equal pay across the company is proving successful, and going forward we will remain committed to regularly monitoring our practice in this area to continue to promote fair and equitable pay across JDE Peet's.

On a local level, our DE&I champions and ERG members have helped deliver a range of DE&I initiatives, including on gender equality and women's empowerment.

- Our French organisation celebrated a score of 95/100 on the French gender equality index, up two points compared to 2022. This index is a practical tool for improving gender equality with regards to pay and promotions within companies. This result keeps our French team above the average of French companies (88/100) and in the leading group of food companies.

- Our team in Ukraine implemented a maternity leave toolkit that offers comprehensive support for employees throughout their maternity journey, including before, during, and after maternity leave. It encompasses various components, such as recommendations for completing work tasks before childbirth and an introduction to the maternity community.
- In Singapore, the team hosted a panel discussion on Women in Leadership, featuring accomplished panellists from diverse backgrounds, including Lara Brans (President of APAC region), other leadership team members and external speaker Ms. Teri Liew. They shared their experiences and insights on women's leadership, allyship, and the essential skills that define an inspiring female leader.
- During Gender Balance Month, the Belgium team organised a compelling challenge, encouraging colleagues to complete the Everyday Sexism e-learning from our L&D Café. This training addressed everyday scenarios of sexism and ways to take action or become allies. A total of 92 employees participated in this challenge, reinforcing the commitment to gender equality, and, as a result, we did a donation to a charity that brings awareness to gender equality.
- In light of their solid journey on gender equality, our Brazilian organisation was invited by Forbes magazine to be part of its March special edition with a branded content on the important role of women in the world of coffee, with the participation of the six female leadership team members, and quotes from the country General Manager. JDE Peet's Brazil has achieved gender equity in senior leadership positions, where women make up 54% of the leadership team.
- Peet's Coffee in North America increased awareness of women's empowerment by organising a discussion panel in celebration of Women's History Month on the theme of Women in leadership. The panel was hosted by and featured three Peet's Coffee female leaders.

VALUING DIFFERENCES AND FOSTERING AUTHENTICITY

At JDE Peet's, we are committed to promoting an inclusive culture where every employee feels they truly belong and feels comfortable to be themselves.

PROGRESS IN 2023

In 2023, this commitment was measured for the second time through our global employee survey, when we asked employees whether they feel comfortable to be themselves at work. We reached a score of 4.26 on a scale of 1-5 (4.22 in 2022), with no significant difference between men and women overall.

Throughout the year, we saw the largest number of activations to date during our three global activations moments – Gender Balance Month, Pride Month and TrueYOU Week.

During TrueYOU Week, we organised a live global event on the theme of Bridging the multigenerational gap in the workplace, when 730 employees from all over the world dialled in to be inspired by a keynote talk from an external global DE&I thought leader.

Locally, every market is empowered to define their own priorities by understanding the local social and legal context and identifying the needs of employees.

- Our DACH[24] markets celebrated Pride Month by showing allyship for the LGBTQ+ community in many different ways. Activations included pride visuals and giveaways in all offices and plants. In Bremen, JDE Peet's was an official sponsor and participant of the local Pride Parade, helping raising awareness both externally and within our organisation.
- At our Utrecht plant in the Netherlands, we installed a Pride crossing[25] sending the message to our employees that JDE Peet's is a safe haven for the LGBTQ+ community.
- In Thailand, 90% of employees joined a local Pride Month event both on-site and online, in the market and manufacturing unit.
- During TrueYOU Week, the Brazil team organised an engaging webinar on Unconscious Biases, presented by Youleader. Participants had the opportunity to apply the lessons they learned in our JDE Peet's unconscious bias e-learning and discover how to reduce potential daily biases. This event was a success with 139 participants and a net promoter score (NPS) of 83%.
- At our international headquarters in the Netherlands, over 57 nationalities are represented and therefore cultural diversity is one of the DE&I priorities. This is why, in October, our DE&I champions celebrated cultural diversity as they hosted two events, each attended by more than 100 employees.

- At Peet's Coffee in the United States, we held a panel discussion during Pride Month, based on the importance of creating inclusive environments. The discussion highlighted challenges within the LGBTQ+ community with a focus on suicide prevention.
- Raising awareness and representation on the topic of race and ethnicity, Peet's Coffee activated Black History Month with a panel discussion on the progress that the Coffee Coalition of Racial Equity (CCRE) has made and the impact it has had through programmes such as NKG’s Partnership to Advance Coffee Equity (PACE).

OUTLOOK

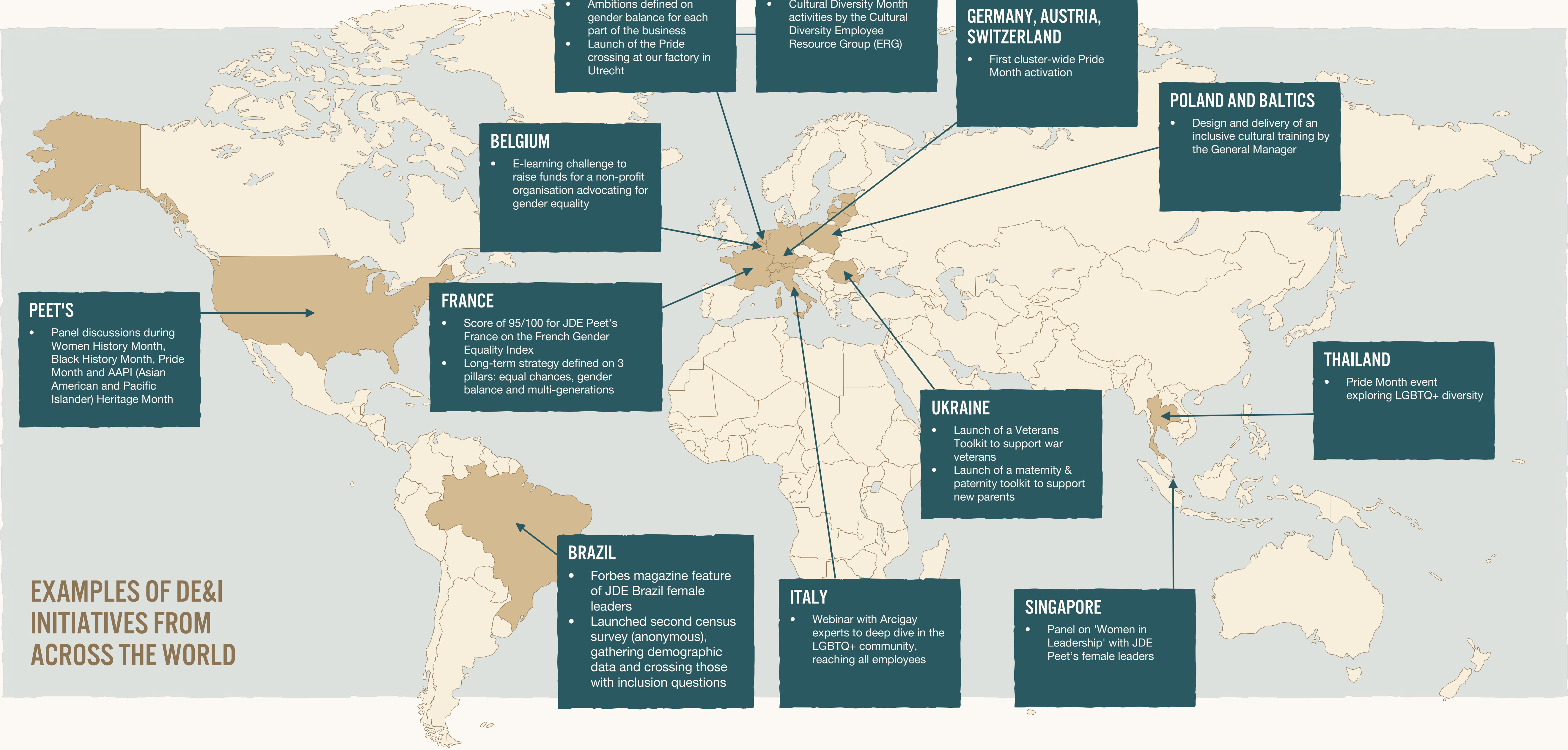
In 2024, we will activate our next global focus area on DE&I. The decision on which direction to go will be based on input from our change makers around the world. As part of stage 2 of our maturity model, our change makers will need to define locally two or three long-term focus areas for their DE&I strategy, which would be dependent on local context and input from employees. We will then select the focus area based on the topic that is most highlighted across the company.

To better understand the diversity of our employee base, we will develop a global plan to collect additional demographics, such as people with disabilities and other locally relevant diversity dimensions. This data will be key in informing long-term local strategies and KPIs for DE&I.

Finally, to continue our journey of activating DE&I across our business, we will expand the activation of DE&I beyond our Europe and Brazil plants to plants across the rest of the world.

[24] The DACH region refers to Germany, Austria, and Switzerland.
[25] A rainbow crossing or rainbow crosswalk is a pedestrian crossing that has rainbow flag artwork installed to celebrate the LGBTQ+ community.

EXAMPLES OF DE&I INITIATIVES FROM ACROSS THE WORLD



THE NETHERLANDS

- Ambitions defined on gender balance for each part of the business
- Launch of the Pride crossing at our factory in Utrecht

HQ - THE NETHERLANDS

- Cultural Diversity Month activities by the Cultural Diversity Employee Resource Group (ERG)

GERMANY, AUSTRIA, SWITZERLAND

- First cluster-wide Pride Month activation

POLAND AND BALTICS

- Design and delivery of an inclusive cultural training by the General Manager

BELGIUM

- E-learning challenge to raise funds for a non-profit organisation advocating for gender equality

PEET'S

- Panel discussions during Women History Month, Black History Month, Pride Month and AAPI (Asian American and Pacific Islander) Heritage Month

FRANCE

- Score of 95/100 for JDE Peet's France on the French Gender Equality Index
- Long-term strategy defined on 3 pillars: equal chances, gender balance and multi-generations

THAILAND

- Pride Month event exploring LGBTQ+ diversity

UKRAINE

- Launch of a Veterans Toolkit to support war veterans
- Launch of a maternity & paternity toolkit to support new parents

BRAZIL

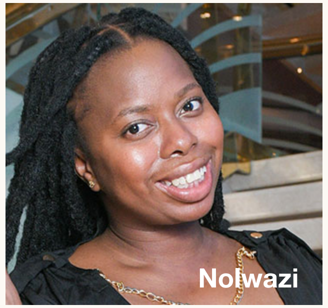
- Forbes magazine feature of JDE Brazil female leaders
- Launched second census survey (anonymous), gathering demographic data and crossing those with inclusion questions

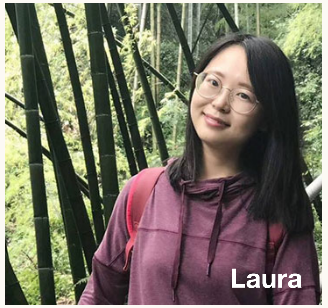
ITALY

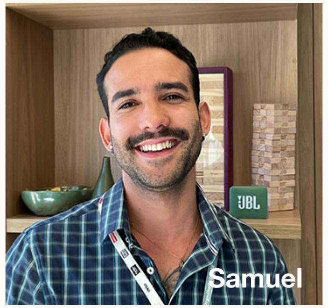
- Webinar with Arcigay experts to deep dive in the LGBTQ+ community, reaching all employees

SINGAPORE

- Panel on 'Women in Leadership' with JDE Peet's female leaders







ENGAGEMENT IS UNIQUE TO EVERYONE – AND EVERYONE IS UNIQUE!

HOW DOES BEING MYSELF ENABLE ME TO BE MORE ENGAGED AT WORK AND TO REALISE MY FULL POTENTIAL?

KaWing Lau
Supply Chain Manager, New Zealand

Coming to work every day is a real joy. Being myself means I can have genuine interaction with others across the business, I get to enjoy the day to its fullest, and I also experience those moments of inspiration and real collaboration that only come from being in a safe and comfortable space.

Maria Collarte
Global Marketing Manager, Senseo

Honestly, I only know how to be myself. In my personal life or at work, I believe that to be happy you need to be true to yourself and to your values. And at the end of the day, when you are happy, in this case at work, you see life in a different light.

Nolwazi Tshabalala
CIC Coordinator, South Africa

I bring energy into every room I enter, and this is what helps me truly engage with my colleagues and my friends. This also helps me involve everyone in the workplace, because team work does dream work!

WHAT ROLE DO I PLAY IN MAKING MY COLLEAGUES FEEL COMFORTABLE BEING THEMSELVES AT WORK?

Janusz Idczak
General Manager Poland & Baltics

I show everyone my true nature, and show my whole team that you can be yourself at work. I care that people have the space to express their opinions. I do my best to help our people preserve a good work-life balance. And finally, even if sometimes being authentic leads to exposing our weaknesses and failing, we treat this as a source of learning, nothing more.

Karel Skvain
Plant Director Valasske, Czech Republic

We all play our part, and everyone is unique. And this is just great, because this is what creates a unique environment and creates JDE Peet's.

Laura Wang
HR Specialist, China

As HR, we listen and use empathy and curiosity to cultivate deep and meaningful connections with our colleagues. By cultivating a DE&I culture, we help people managers address any unconscious bias that could shape their decisions, helping to create a culture in which everyone feels empowered to speak up, feels respected and valued, and does their best every day.

Samuel Silva
HR Intern, Brazil

My role and my function is to help my co-workers feel comfortable about being themselves, to embrace diversity, and to be kind and welcoming to people without anyone feeling excluded.

ENGAGING OUR COMMUNITIES

HOW OUR PEOPLE ENGAGE WITH COMMUNITIES WITH A BIG HEART

For many, coffee & tea are an integral part of everyday life, providing warmth and connection for moments big and small. JDE Peet's is a proud member of local communities around the world. Just as we believe "It is amazing what can happen over a cup of coffee & tea", we also believe it is our responsibility to bring people together, engaging and connecting with our local communities to offer our help, time, skills, warmth and be part of the change for a more supportive and brighter future. Around the world, in 2023 our employees continued to take action to provide support. Some of their stories are outlined below.

COMMUNITY AND ENVIRONMENTAL SUSTAINABILITY:

China: Cultivating community roots through public tree planting

The village committee of Wuxi Xishan district orchestrated a community-wide initiative, bringing together individuals from diverse backgrounds to engage in public welfare tree planting activities. The event fostered a collaborative effort to contribute to the well-being of the community and the environment.

Brazil: Community development and support in Piumhi and beyond

Partnering with Gaia Social NGO, JDE Peet's' initiatives in Piumhi and the surrounding region focus on environmental education, selective collection, awareness campaigns, and sustainability. For example, the success of the Agenda Canastra Sustentável programme, recognised with the ECO Award 2022, highlights the company's commitment to socio-environmental development. In response to natural disasters, such as the 2023 floods in São Paulo, JDE Peet worked to provide aid to affected communities, such as donating 248,000 cups of Pilão coffee to the Jundiaí Solidarity Fund. The company's consistent contributions play a vital role in social actions, benefiting communities, hospitals, and social funds.

Czech Republic (Valasske): Nurturing community life in Valašské Meziříčí

Our Valasske plant supports two local charitable organisations annually, providing CZK 50,000 to each charity. Diakonie Citadela, a care facility for the elderly with special needs, received funds for a high-capacity clothes dryer. Charity, with a broader community role, assists homeless and addicted individuals and families on society's edge, allocating funds for specialised equipment in bathrooms. Our plant has backed Valašské Meziříčí's largest children's playground for 15 years, contributing CZK 200,000 annually used for new play equipment. JDE Peet's also supports activities led by employees in various associations or communities, distributing a total of CZK 162,000 among nine programmes in 2023.

Singapore: Sharing festive joy through food and coffee donations

We actively participated in supporting our community by donating and preparing 100 food packs for the residents of Geylang Bahru during the Chinese New Year festivities, contributed 300 packs of coffee and cereal, and organised a dedicated food donation and packing drive.

CHILDREN'S WELL-BEING:

Brazil: Empathy in action - Providing bicycles and joy to children

In May 2023, JDE Peet's Brazil organised a heartwarming event for 53 underprivileged children supported by the Casa da Fonte Association, backed by the Jundiaí Social Solidarity Fund (FUNSS), providing each of them with a bicycle. This initiative took root in March during the Engagement event with Brazil's leadership, focusing on fostering teamwork and the "Delight the Consumer and Shopper" attitude. The team, comprising nine groups, was assigned the noble task of assembling bicycles for children recommended by Casa da Fonte. Discovering that only 9 out of the 53 children were initially selected, our compassionate employees took it upon themselves to ensure inclusivity and happiness for all, collectively deciding to purchase the remaining bicycles. This gesture exemplifies their dedication to making a positive impact on the lives of these children.

South Africa: Spreading Christmas joy

Annually, the Santa's Shoe Box Project distributes gifts to orphans and underprivileged children in the Southern African region. In 2023, our 35-strong team in South Africa contributed 100 gifts to children in need. Each gift is thoughtfully curated, containing essential items such as clothing, a toy, a treat or sweet, school supplies and stationery, as well as oral care and personal care products. For many of these children, this gesture represents their sole gift for the entire year.

Ukraine & EECA: Celebrating children's day with acts of kindness

We commemorated Children's Day on 1 June 2023 with a focus on upholding the rights of children worldwide. As part of our corporate social responsibility commitment, we made substantial donations to various orphanages, including contributions to the orphanages in Pryluky and Sosnytsia region in Ukraine. Our approach involved inquiring about their specific needs and fulfilling them, providing items such as toys, pyjamas, and beds. Our team personally visited the Pryluky orphanage, where the children prepared a special concert for us and other patrons. Additionally, our efforts extended to the Solnyshko Children's Home in Kazakhstan, where we provided art kits, stationery supplies, hula hoops, board games, nappies, and fulfilled the children's requests for swimming caps and training boards. In Belarus, our support was directed to the Slutsk Specialized Children's Home, while in Georgia, we presented toys, sweets, clothing, and essential care items to orphaned children at the Tbilisi Children's Home.

SINCE ITS LAUNCH IN FEBRUARY 2020, OVER 100 OF OUR ASSOCIATES IN THE DACH REGION HAVE USED THEIR 'SOCIAL DAY', A DAY-OFF TO VOLUNTEER THEIR TIME, HELP AND KINDNESS.

53 EMPLOYEES IN THE UK & IRELAND CONTRIBUTED TO 224.5 HOURS OF VOLUNTEERING EFFORTS IN 2023

SOCIAL CONNECTION AND VOLUNTEERISM:

Australia: Volunteering at a community foodbank

In a proactive initiative, 10 of our employees volunteered for a day at Foodbank in West Sydney, a food bank that plays a crucial role in helping more than 337,000 households in the city each month. The organisation depends heavily on the support of food producers and volunteers to operate smoothly and address hunger issues.

Spain: Breakfast against loneliness - JDE Peet's contribution to social connection

At JDE Peet's in Spain, we decided to support San Juan de Dios in their mission against loneliness by organising a charity breakfast, aimed at raising funds for projects addressing this important issue. The event successfully raised almost EUR 500, which JDE Peet's matched, resulting in a total donation of EUR 1,000.

DACH: Uplifting local communities with hot coffee and conversation

In Bremen, where JDE Peet’s has its German offices, the Bremer Tafel food bank has been collecting and distributing food to those in need since May 1995, with approximately 250 locals visiting every day. For the past eight years, our people have been offering the Bremer Tafel their time and help. What began as an informal volunteer programme in 2015 has grown into an initiative in which every JDE Peet’s employee in Germany has the opportunity to participate. Each month, a group of employees visits the food bank during their workday.

UK&I: Engaging communities through volunteerism and charitable initiatives

During 2023, our people in the UK & Ireland participated in various volunteer events, dedicating their time to support a range of organisations. During Volunteers' Week in June, the team organised impactful events, including GroceryAid's Windermere Row and engaging awareness talks. The collective commitment to charity was evident, with an office clear-out raising £800 for GroceryAid and Alzheimer's Society. Additionally, successful student-led charity events contributed funds to diverse charitable causes. Demonstrating a profound commitment, employees in the UK & Ireland maximised their two paid volunteering days, with an impressive 53 employees collectively contributing 225 hours to volunteering efforts during the year.

The Netherlands: JDE Peet's NL volunteer week - uniting colleagues for social impact

The objective of 'Brengt bij elkaar' (Brings together) week is to foster unity among colleagues while engaging in meaningful social projects. In December, 240 of our Out-of-Home employees in the Netherlands each dedicated four hours to volunteer work at various client locations, including elderly homes. Examples of the activities they undertook include taking walks with elderly individuals, canoeing with refugees and playing games with the elderly.

Norway: Friele supporting communities in Norway through a long-lasting partnership with the Church City Mission.

Friele's partnership with the Church City Mission, a non-profit organisation aiding those facing life challenges, began in 2007, with Friele contributing coffee to their cafés and initiatives. In 2023, Friele donated over 1 million cups of coffee, emphasising its commitment to social impact. JDE Peet's Norway encourages employees to actively participate by volunteering for a day at cafés or initiatives led by the Church City Mission, and in 2023, 85 employees participated.

Peet's Coffee: Connecting communities - More than just coffee business

At Peet’s, each of our 202 coffee store locations actively engages and connects with communities across the United States. For instance, Peet’s Bridgeport Village volunteers at the Oregon Food Bank, where in 2023, employees boxed 5,000 cans for families facing food insecurity. And in Southern California, Peet’s Seal Beach donated coffee to local schools as teachers prepared to return to the classroom in August, supporting their first day back.

DELIGHTING AND PROTECTING OUR CONSUMERS WITH EVERY CUP

FOOD SAFETY AND QUALITY

Food safety and quality are our primary focus, and the foundation upon which consumer and customer trust is built.

JDE Peet's is committed to the design, procurement, manufacture and delivery of safe food products which meet consumer and customer expectations. To help achieve this, JDE Peet's has established a comprehensive company-wide Quality Management System (QMS) and developed high food safety and quality standards across the organisation and along our supply chain. These systems and standards are based on regular reviews of industry standards, product defects and the study of product retrievals throughout the food industry.

Our QMS applies the internationally recognised HACCP (Hazard Analysis and Critical Control Point) system to ensure food safety. This preventive and science-based system identifies, evaluates, and controls hazards that are significant for food safety. Our HACCP plans and systems are reviewed annually. These standards are applied globally and are verified by both external certification bodies and an internal auditing team.

JDE Peet's is a member of the Consumer Goods Forum and promotes adherence to the Global Food Safety Initiative (GFSI) standards, with the ambition of reaching 100% internal and key suppliers certified by 2025. As a consequence, our JDE Peet's Quality Management System is verified annually by an external certification body on FSSC 22000, a programme recognised by the GFSI.

No non-conformances were identified during the 2023 audit. By the end of 2023, 85% of our internal and external manufacturing sites were GFSI-certified.

In addition to our certification approach, JDE Peet's Quality has developed a highly skilled auditing team to perform internal audits and ensure we bring internal and external practices to the highest level of food safety and quality.

We manage food safety and quality from the field to the consumer's home. We carefully check all incoming materials, processes and products in our factories, while carrying out thousands of analysis per year on our raw materials and, at different stages of the process, ensuring full compliance to our quality, food safety and regulation standards.

At the core of our commitment to customer satisfaction, we place immense value on consumer and customer feedback. Our well-established global consumer call centre serves as the primary point of contact for inquiries, feedback, and concerns, playing a pivotal role in shaping the overall customer experience and fostering loyalty. Handling hundreds of thousands of contacts annually, our consumer call centre is a key driver in strengthening consumer loyalty and propelling our continuous improvement initiatives forward.

PROGRESS IN 2023

We took a number of steps forward in 2023, including:

- We strengthened our Issue & Crisis Management programme, introduced mandatory e-learning modules for all employees, and trained over 100 employees within the company on processes for prevention, preparation, response, and learning.
- We revamped our internal auditing programme to enhance adherence to our QMS system and actively promoted GFSI compliance among new suppliers.
- We remain committed to embracing new technologies to mitigate emerging risks and enhance our traceability capabilities. This includes implementing an error-proof loading system and integrating SAP with our WMS.
- We seamlessly integrated our Supplier Quality & Food Safety management system with SAP to safeguard our supply chain and prevent inadvertent sourcing of non-approved materials.
- We deployed our customer feedback monitoring on a global scale, and consumer insights on product quality and safety are embedded into our strategy and business model.
- We made significant investments in the training and development of our employees who work on quality.
- For the first time in 2023, our strategic focus was on conducting quality and food safety culture assessments to fortify these crucial aspects within the organisation, enhancing our overall quality culture.
- We successfully hosted the inaugural edition of Food Safety Day and Quality Week.

In 2023, our consumer complaints reached its lowest-ever level, showcasing the effectiveness of our quality management system. This led to a notable 10% drop in total complaints. No product-related issues, food safety concerns, or regulatory non-compliance were identified. To track the effectiveness of our actions, quality results are shared monthly with the Executive Committee.

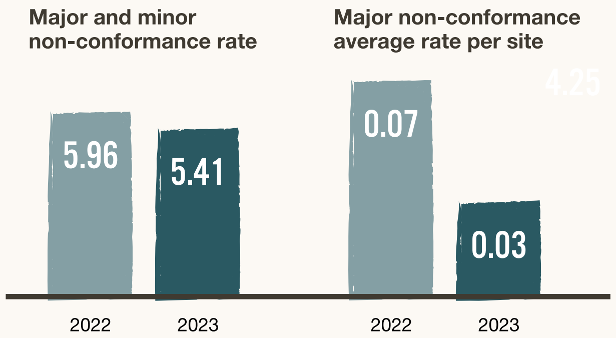
OUTLOOK

Looking ahead, we are on track to meet our 2025 target of 100% of our manufacturing sites with food safety certifications. In 2024, we plan to:

- Address ingredient sourcing and supply chain pressures by establishing strong relationships with reliable suppliers, conduct thorough quality audits, ensure a robust traceability system, and leverage internal and external monitoring.
- Continue to keep pace with evolving food safety regulations and expand our presence in trade associations to gain support for regulatory scouting, while investing in risk mitigation measures.

- Deliver on consumer expectations through continued transparency, as the quality and safety of products increasingly drive trust and preference among consumers.
- Roll out fit-for-purpose food safety and quality standards, and agile risk assessments for our diverse route to markets, from retail, café, to direct and consumers.

GSFI certification result 2023



By addressing these challenges proactively, and continuously improving food quality and safety practices, we enhance consumer trust, protect brand reputation, and more effectively meet regulatory requirements.

NUTRITION

Our purpose is to unleash the possibilities of coffee & tea to create a better future. Drinking coffee & tea in moderation can be enjoyed as part of a healthy diet. A healthy diet should optimise health, defined broadly as being a state of complete physical, mental and social well-being, rather and not merely the absence of disease[26]. Coffee & tea can play a role in all these aspects of health.

Coffee is not only one of the most consumed beverages in the world, but also one of the most researched parts of our diet. Accumulating research published in peer-reviewed scientific journals suggest that coffee can be considered a healthy beverage. Coffee contains, in addition to caffeine, many other biologically active compounds,including polyphenols such as chlorogenic acid and lignans, trigonelline, and modest amounts of magnesium, potassium, and vitamin B3 (niacin). These coffee compounds may reduce oxidative stress, improve the gut microbiome, and modulate glucose and fat metabolism. In fact, consumption of 3 to 5 standard cups of coffee daily has been consistently associated with a reduced risk of several chronic diseases[27].

JDE Peet's closely follows further scientific developments and is actively involved in the Institute of Scientific Information on Coffee (ISIC), a not-for-profit organisation founded in 1990. ISIC is devoted to the study and disclosure of science related to coffee and health and coffee and sustainability.

Optimal hydration is essential for good health. Coffee and tea without added sugar or milk doesn't contain calories and contributes to the daily recommended fluid intake. Coffee and tea can help to stay alert and focused during the day, and for those sensitive to caffeine there are decaffeinated coffee and caffeine-free infusions in our portfolio. We have mapped our products that contain no calories or meet the official criteria[28] for low sugar, low saturated fat and low salt content and are proud that approximately 75% of our sales volume fits into this healthy category.

Consumer trends increasingly favour new beverage segments that are more nutritious and which, due to the fat and sugar content, may be subject to a range of government measures, including sugar tax, front-of-pack labelling and/or marketing restrictions.

PROGRESS IN 2023

In order to protect our traditional unique healthy position, in 2023 we published our JDE Peet's Nutrition Policy. Crafted with our consumers' preferences in mind, this policy is a public commitment of our Health and Indulgence programme and provides guidance for innovative, high quality, and sustainable products that can be enjoyed as part of a balanced diet and healthy lifestyle. Our ambition is to grow our brands in a sustainable way and positively impact people's beverage consumption habits, in line with the scientific targets for healthy diets as set by the EAT Lancet Commission[27]. It serves as a clear roadmap for product development, preserving our heritage of nutritious offerings.

[26] EAT Lancet
[27] van Dam RM, Hu FB, Willett WC. Coffee, Caffeine, and Health. NEJM. 2020 Jul 23; 383:369-378
[28] WHO, EFSA, Nutri Score, Traffic Lights, Nutri Grade

Our Health & Indulgence initiative is dedicated to improving the nutritional profiles of our products without compromising their sensory appeal. Since 2020, several collaborating teams within our R&D community have been actively innovating and reformulating our products across global markets, aiming to significantly reduce sugar and saturated fat content in our indulgent products in a two-step process and making our products fully compliant to our Nutrition Policy by 2030. By their very nature, our beverages are low in salt and artificial ingredients.

In 2023, we reformulated several recipes in our Ready-to-Drink portfolio, enabling us to meet the first step threshold for our internal Healthy Indulgence programme and achieving, on average, a 20% sugar reduction. Similarly, we have upgraded multiple recipes within the Tassimo category, mainly by focusing on a 30% (on average) reduction in saturated fat, so that they no longer qualify as products that are HFSS (high fat, sugar, salt) in the UK and meet our internal thresholds. We also began preparing for an additional round of improvements for Tassimo products.
Within the Senseo category, we made saturated fat reductions of between 5% and 10% to our milky products, enabling them to comply with the Healthy Indulgence programme step 2 thresholds[29]. We also achieved significant improvement steps in our mixes portfolio, which will be launched on the market in 2024. Additionally, we introduced plant-based milk alternatives in both retail and professional spheres, offering consumers the choice to reduce animal-based foods.

To ensure compliance and to monitor our progress, we have developed a comprehensive Nutrition Dashboard. This tool not only tracks our products based on their energy, saturated fat, and sugar content, but also incorporates external nutrition-related measures, including front-of-pack labelling. We have implemented additional thresholds and key performance indicators, particularly focused on saturated fat and sugar content, allowing us to refine nutritional compositions whenever feasible, in terms of sensory and technical aspects. In line with the nutrition adjustments, we aim to reduce portion and packaging sizes where relevant.

OUTLOOK

Looking ahead to 2024, our commitment to continuous improvement remains steadfast. We are striving to further optimise our product portfolio through our Health & Indulgence programme, aiming for virtually no products falling into the high category of saturated fat and sugar levels by 2025. Concurrently, we will refine our Nutrition Dashboard, making it an integral part of our operations. Addressing any data gaps in our specification system is a priority, ensuring the tool's accuracy and reliability. We will regularly review and adapt our nutritional target values in response to emerging scientific insights and regulatory changes.

As we progress, we are vigilant about potential challenges, such as delays in implementing new recipes due to supply chain hurdles and time-intensive testing procedures. We remain watchful for forthcoming technological advances that could bolster our quest for healthier products, all while upholding the same level of taste and quality. Our ongoing dedication to these principles is what propels us toward a future where coffee & tea not only tantalise the taste buds but also contribute significantly to healthier lifestyles.

PRODUCT LABELLING

Product labelling is fully integrated into our innovation and renovation processes to ensure compliance to applicable food laws and inform the consumer on our products' attributes. In our ongoing commitment to maintaining the highest standards, our QMS plays a crucial role in ensuring that we adhere to all product labelling requirements across the diverse markets in which we operate. Our regulatory affairs team meticulously assesses and validates all product labels, ensuring compliance with regional and local legislation and product labelling standards.

PROGRESS IN 2023

In 2023, we received no significant fines or non-monetary sanctions for non-compliance with laws and regulations concerning product and service information and labelling. Where applicable, a front-of-pack (FOP) label has been included on the pack. All composite products contain full labelling, including nutrition information, offering full transparency and allowing consumers to make an informed choice. We also started a project to automate and improve the efficiency of the product-labelling process, which will be continued in 2024.

We engaged with stakeholders in a number of ways during the year, including external engagement through trade associations and industry bodies, and pre-competitive initiatives. We stepped up our scouting process by expanding our external consultancy and trade associations network.

[29] Equals less than 2g saturated fat per serving.

OUTLOOK

Looking ahead, we fully support the European Commission's aim for a harmonised system for front-of-pack food labelling that is meaningful to consumers. The proposal for harmonised mandatory front-of-pack nutrition labelling to enable consumers to make health-conscious food choices has been delayed, but we are pleased that this is on the priority list for 2024. We also seek to explore AI tools to further expand the scouting capabilities, allowing timely anticipation on regulatory developments.

RESPONSIBLE MARKETING

Our brands bring people together, creating moments of connection and enjoyment, while providing energy and sensory experiences. They give people the freedom to express their individuality and the power to transform themselves, because amazing things can happen over a cup of coffee or tea.

PROGRESS IN 2023

In 2023, we made positive impacts through our Responsible Marketing Policy, applicable to our employees and global marketing agency partners. The policy defines guidelines regarding claims, advertising, nutrition, packaging, and DE&I, which are particularly relevant to our consumers. We do not actively target our advertising to consumers below the age of 14. Instead, we focus advertising on channels that target 18+ consumers, complying with all applicable laws governing marketing communications to children under the age of 14.

We constantly work to comply with all applicable laws and regulations in all the markets in which we operate.

Our products are clearly and comprehensively labelled. We seek to display accurate product information, for example their nutritional value, so that consumers can make informed choices. Marketing seeks to innovate and adapt products to further reduce sugar and (saturated) fat levels to contribute to our consumers' healthy diet.

OUTLOOK

As we work towards our commitment of 100% responsibly sourced green coffee by 2025, we will bring our ambition to life through our brands. In 2023, under our Common Grounds programme, we introduced the Sourcing for Better claim on our Jacobs product range. From 2024, we will begin introducing our responsible sourcing claim on our packs. We are also working on our Sourcing for Better claim FOB and our Jacobs reignite. We seek to introduce a 100% responsible sourcing claim on our packs from 2024. In 2024, we are also working towards instant refill paper bags and multi-serve (R&G and beans) in recyclable packaging.

BRAND HIGHLIGHT

FUELLING THE EVERYDAY CHANGEMAKERS

Found in more than
20
markets globally

Coffee mixes
pioneer
in the Asia region

In 1987, SUPER pioneered coffee mixes in Asia – driven by the vision to make coffee universally accepted and ultra-convenient in a tea drinking region.

Today, SUPER is found in more than 20 markets globally, offering a wide variety of quality instant beverages across the coffee, tea, cereal and soy categories. The vision remains unchanged: to serve beverages that refresh, recharge and renew everyday people.

To promote health and well-being, SUPER has already started enhancing the formulation of its mixes range with the reduction of sugar and saturated fat, which in turn has improved its nutritional rating on-pack.

SUPER is also providing healthier options through the introduction of Pure Instant Coffee into Malaysia with SUPER Classic, and expansion in Thailand with a new variant, SUPER Espresso.

Back to brands overview

SAFEGUARDING OUR HEALTH AND SAFETY

At JDE Peet's, We Work Safely or We Don't Work! We are committed to providing a safe and healthy work environment for our employees, contractors and visitors. As well as being our moral and legal duty, good health and safety is good business. Throughout 2023, we undertook a number of initiatives to further strengthen the safe and healthy work environment across the company.

PROGRESS IN 2023

In 2023, we celebrated Health and Safety week with five days of activities and a focus on our strategic priorities. To drive our culture to interdependent level, our senior leaders stepped forward showing accountability, stating Safety Starts with Me. This message is echoed through our organisation and all local leaders followed suit.

Key to our improvement journey was the creation of workgroups to address our key losses and opportunities, engaging the sites and community to be involved in our improvement journey. We partnered with external consultant Metafocus to train all plant managers and SHE leads in Europe on leadership and culture, and the training was cascaded across all sites through Europe in 2023.

Process safety is a priority, and we developed our capabilities with hazard and operability study methodologies as we continued building process safety standards and procedures. High pressure cleaning is a necessary but dangerous activity to clean our systems. We were not satisfied with current industrial practice and developed and implemented a new industry best practice with technical controls that is making this task much safer and healthier.

Healthy body, healthy mind, and healthy relationships remain top of our agenda. During the year, our Healthy You work group paid particular focus to mental health, building awareness and understanding on this important topic. We are also working on building capabilities among our SHE professionals and have improved our induction programme.

We continued to operate a management system that is ISO 45001 compliant across all our manufacturing sites. By the end of 2023, 22 sites were ISO 45001 certified and all sites will be certified by 2025, at the latest.

While we are not obliged by law to implement management systems, we do it because it helps us improve. We continue to carry out worker participation consultations, in line with ISO 45001, covering risk assessments, changes and developments. Additionally, we hold an anonymous engagement survey annually and carry out an anonymous SHE survey before every SHE assessment, as well as a formal meeting with trade unions on every SHE assessment at each manufacturing site.

We use a number of different tools and systems to assess risk annually. These include:

- Department and task risk assessments are done using the Fine and Kinney method[30]
- For ergonomic risks, we use MAC and ART tools[31] or equivalent country-specific tools
- For process risks we use HAZOP[32]
- Machine safety is risk assessed with the requirements of Use of Work Equipment Directive 2009/104/EC
- ATEX[33] risks are assessed in compliance with Directive 2014/34/EU
- For non-routine tasks, we use Written Last Minute Risk Assessments[34], applied for all tasks with a frequency of less than three months.

We have incident reporting systems in place across all sites, and risk reporting is encouraged and is part of many of the sites' recognition systems. We Work Safely or We Don't Work! is a clear expectation and obligation for all employees to stop any unsafe activity immediately.

By engaging our people and driving continuous improvement, we are both improving our performance and building ownership and pride in our employees. We continue instilling safe behaviour with both planned and spontaneous safety conversations, which cover a minimum of two planned and two spontaneous safety conversations per employee per month. We use the OSHA (Occupational Safety and Health Administration) standard as a reference for injury reporting and we report and treat high potential near misses in the same way as recordable injuries, while occupational illnesses are reported in the same way as injuries.

Incident, injury and illness investigations are carried out with a strong focus on system improvement and a 'no blame' mentality.

[30] The Fine & Kinney method is used to estimate the degree of risk and to determine which measures should be taken to reduce these risks.
[31] These are Manual Handling Assessment Charts (MAC) and Assessment of Repetitive Tasks (ART).
[32] A hazard and operability study (HAZOP) is a structured and systematic examination of a complex system, usually a process facility, in order to identify hazards to personnel, equipment or the environment.
[33] The ATEX directives are two EU directives describing the minimum safety requirements for workplaces and equipment used in explosive atmospheres.
[34] These aim to identify and prioritise potential risks to develop effective strategies for mitigating them.

We use 4W1H, basic condition check, 6M, 5Why and, to ensure root cause focus, we also use DNV SCAT[35,36]. All recordable injuries and high-potential near misses are reviewed by the regional operational director, global OPEX director and global SHE. The global SHE also follows up on agreed actions and their effectiveness. All incident investigations are emailed to every site as for-your-information and review.

Before beginning a new job at one of our site facilities, employees follow an induction programme that covers a broad range of health and safety topics, from our Health & Safety Policy and emergency preparedness, through to safety risks in the workplace and correct PPE usage. Contractors undergo thorough induction training on relevant risks. Key information and communication is cascaded monthly from global SHE meetings to every site, where campaigns, incidents and standard updates are distributed and displayed on information boards and discussed during town halls and meetings.

Throughout the year, we continued to ensure that occupational health services were implemented per country based on local legislation. Occupational health is an integral part of our management system, including hazard identification and risk assessments, and we continued to make progress on our health & safety culture. In 2023, our global Total Recordable Incidents Rate (TRIR) increased to 0.59 (2022: 0.46). Globally, 60 injuries occurred in 2023.

Regrettably, we must report a tragic incident that occurred in 2023 resulting in the loss of one of our valued colleagues. This incident has profoundly impacted our organisation, and we recognise the need for continuous improvement in our occupational health and safety practices. We have undertaken a comprehensive review of the circumstances surrounding the incident to understand the root causes, enabling us to identify areas for improvement and implement corrective measures, such as investment in enhanced training programmes, safety audits and inspections, and technologies to create a safer work environment.

OUTLOOK

Looking ahead, we will focus on furthering our process safety. Following the success of our partnership with Metafocus on leadership and culture training in Europe, we will roll out similar initiatives in other geographies in 2024. We seek to advance our Healthy You programme and health within the organisation, and increase our scope to report on incidents beyond manufacturing sites. We will also drive improvement initiatives focused on leadership calibration, contractor management, competency building and system simplification and user friendliness. With an expanding scope and lean organisation, we face challenges with time and human resources. We will address this in 2024 by investing time in the global SHE conference to better develop assessing capabilities in all our SHE leads to enable solidarity in assessing and helping each other improve.

SAFETY STARTS WITH ME

[35] As root-cause analysis techniques, 4W1H refers to Who, What, Where, When and How; 6M refers to Manpower, Method, Machine, Material, Milieu and Measurement;
[36] DNV SCAT is a systematic cause-analysis technique to learn from accidents and near-misses to prevent injury, environmental damage and quality losses.

COMPLYING WITH LABOUR LAWS AND REGULATIONS

In line with our focus on employee health and safety, we strongly believe that all employees are entitled to the full protection of all laws and regulations that govern their employment with us. More information can be found in the Observing the highest standards of ethics and compliance section of this report. We adhere to all applicable local laws and regulations regarding association and collective bargaining.

We have Works Councils in place across many locations, and approximately 34% of our people are covered by collective bargaining agreements. They include employees in the Netherlands, Belgium, Brazil, the Czech Republic, France, Germany, New Zealand, Norway, Poland, Spain, Sweden, and the United Kingdom.

In Turkey, there was a movement towards unionisation in 2020 resulting in one of the unions receiving the authorisation from the governmental authority. However, the authorisation was based on an incorrect factual assessment of the segmentation of the Ofçay business and organisation. Therefore, the authorisation and the assessment are subject to further review by the court. We will respect any final judicial outcome of this procedure.

In the US, Peet's Coffee has also seen a small movement towards unionisation with employees at four out of our 202 company-owned stores voting in favour of union representation in 2023. These employees represent less than 1% of Peet's total people population who are now represented by two distinct unions. Discussions have begun with one union on the terms of a collective bargaining agreement and negotiations with both unions are expected to continue in 2024.

In general, when including employees not covered by collective bargaining agreements, we perform regular benchmarks in order to assess and ensure the right working conditions, and that compensation and social benefits are in line with market trends (sectoral and/or functional).

RESPECTING HUMAN RIGHTS

JDE Peet's is committed to respecting all human rights, as defined in key international covenants, including but not limited to the International Bill of Human Rights. As a signatory to the UN Global Compact, we are committed to the UN Global Compact Principles and the UN Guiding Principles on Business and Human Rights. We also follow the OECD Guidelines for Multinational Enterprises and we are a member of the ILO Child Labour Platform.

Our Human Rights Policy codifies our commitment to respecting and protecting human rights. We expect everyone at JDE Peet's to adhere to the standards outlined in this policy, alongside but not limited to, the JDE Peet's Supplier Code of Conduct and our Responsible Sourcing Principles. These policies, and the processes and provisions within, apply to all our employees worldwide, as well as our agents, consultants, contractors, and suppliers. We expect all our suppliers and partners to uphold the same standards to protect human rights in their own operations and to develop and implement similar policies and risk-based due diligence processes in their own supply chains. Failure to adhere to the above-mentioned policies may result in disciplinary action, including termination of employment or supplier partnership, as applicable.

We recognise that human rights issues, including child labour, forced labour and harassment, are complex and require solutions involving other industry players, governmental institutions and other relevant stakeholders, including NGOs.

In recent years, we have seen an increase in the number and scope of regional, national, and state-level laws focused on human rights due diligence. Consequently, in 2023, and guided by the internationally recognised framework of the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct, we strengthened our Human Rights Due Diligence programme. This included revising our policies, Responsible Sourcing Principles and management systems to better assess our own operations and supply chains to identify human rights risks, and subsequently develop and implement due diligence measures and action plans to prevent, address and mitigate any identified risks.

In 2023, we updated our Human Rights Policy as well as the Supplier Code of Conduct to embed risk-based due diligence across our own operations and our supply chain, which focuses on long-term, continuous improvement and multi-layer industry approach.

PROGRESS ON HUMAN RIGHTS DUE DILIGENCE PROGRAMME

We acknowledge that potential human rights risks may exist across different areas of our business and supply chain and that these risks require specific approaches to human rights due diligence. Our human rights due diligence is therefore focused on identifying and addressing any negative human rights impacts in key areas: our own operations/ manufacturing, coffee & tea sourcing, and procurement of other goods and services, with working teams in each respective area. These teams are overseen and advised by steering committees composed of our senior management. In 2023, supported by an external company that specialises in human rights advice, we finalised and cascaded our standard operating procedures for human rights due diligence tailor-made to each of the three areas mentioned above, which will be further deployed in 2024.

PROGRESS ON OUR GRIEVANCE MECHANISM

Recognising the importance an effective grievance mechanism plays for people impacted or harmed by any human rights issue, in 2023, we expanded the scope of our Speak Up Policy to enable our external stakeholders to access our grievance channels, and updated our website to make the link to our grievance reporting tool more easily accessible.

Furthermore, our updated Human Rights Policy and Supplier Code of Conduct require our suppliers to ensure grievance mechanisms are in place in their operations to actively engage in remediation process.

JDE Peet's joined the Q C Conta project ("What people tell" in colloquial Portuguese) in Brazil. The project uses a farmer survey and stakeholder dialogue conducted by NGO Solidaridad to analyse and provide recommendations on how a coffee-specific baseline grievance mechanism can be adapted to the local Brazilian environment. The results are expected to provide insights on the effectiveness of grievance mechanisms for preventing and mitigating human rights (and environment-related) risk in coffee supply chains. The project, which includes a local stakeholder working group involving sector representatives, was initiated under the umbrella of the German Coffee Association. It began in November 2022 and will run until the end of March 2024.

PROGRESS ON TRAININGS

In 2023, we conducted targeted training workshops on human rights and due diligence procedures to both our leadership and our employees from coffee & tea sourcing, procurement, operations and sustainability, to raise their awareness of human rights and our due diligence framework, including the due diligence standard operation procedures.

JDE PEET'S SITES AND MANUFACTURING

The health, safety and well-being of our employees is of the upmost importance to JDE Peet's. All employees are required to sign the JDE Code of Conduct or Peet's Code of Conduct, as applicable, which set out the standards of behaviour we expect from our entire workforce. We have also embedded diversity, equity and inclusion in our values and how we manage our business. This means that we do not tolerate any form of discrimination based on race, ethnicity, nationality, religion, age, sex, gender identity, sexual orientation, disability, socio-economic background, or any other relevant basis, and we encourage anyone to use our Speak Up channels to report a concern. For more information on how we embed our Codes of Conduct into our operations, see the Ethics and Compliance section of this report.

To verify the implementation of our Human Rights Policy, we conduct self-assessment questionnaires for our own sites, enabling us to better understand the human rights risks and labour standards in our operations as we work to design and implement a robust programme of human rights risk management for our own operations. This is in addition to our programme of health and safety audits. The insights from these self-assessment questionnaires will allow us to monitor and evaluate the risks in our manufacturing sites and take appropriate action (including SMETA (Sedex Members Ethical Trade Audit) ethical audits) where needed, to prevent and mitigate potential human rights impacts, and remediate any actual impacts if found.

PROGRESS IN 2023

a. We completed Sedex SAQ for our manufacturing units located in APAC, LARMEA,[37] and Peet's' site in Alameda
b. We completed Sedex SAQ for 93%[38] of our European plants
c. We trained our operations leaders, site HR business partners and SHE leads on human rights due diligence across our 33 sites[39]
d. We defined our Standard Operating Procedure to address and manage human rights risks at our sites.

OUTLOOK

Our targets for 2025 are:

a. 100% of our production sites audited according to SMETA
b. Our Standard Operating Procedure deployed and fully operationalised (including remediation plans for all critical cases identified)
c. A roadmap defined to include our coffee stores (OldTown, Peet's US and China).

COFFEE & TEA SOURCING

Respecting and advancing human rights is clearly a priority for JDE Peet's. Over 80% of the world's coffee is grown by smallholder farmers and both coffee & tea production systems are largely informal in the employment of seasonal coffee harvesters and tea pickers. Human rights challenges are therefore not new to us, and, over the years, we have used our Responsible Sourcing pillar to implement action plans and farmer and worker programmes in at-risk origins, addressing topics such as child labour in Uganda, Vietnam and Honduras, working conditions in Brazil, and child protection and gender programmes in Assam.

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[37] Excluding our manufacturing units in Saint Petersburg, Novosibirsk and Kazakhstan, and manufacturing units of Peet's China, Stumptown and Intelligentsia.
[38] Excluding Les 2 Marmottes
[39] Excluding Les 2 Marmottes for Europe, Banbury site in UK and exclusion above

There is no place for child labour in our supply chain. The causes of child labour are complex, and often linked to economic, social and cultural issues in a given community. Each situation in each country is different, and can even vary within a region in a country. We believe it is important that we help address the situation, making sure we act. Walking away from an at-risk supply chain or region from where we source our coffee or tea is not the right solution, and fails to resolve the problem.

This is why we are acting in Honduras. We are aware that there are increased risks of child labour during the coffee harvest period, due to a shortage of labour, the fact that there are many migrant families seeking work, or the fact that schools are closed. Since 2018, we have been partnering with World Vision and ADECAFEH (Asociación de Exportadores de Café de Honduras), and have together established 11 childcare centres in the middle of the coffee growing areas. These are safe places where parents can bring their children, enabling the parents to go to the farms and harvest coffee without worrying about the well-being of their children. The children receive warm meals, activities and learning opportunities throughout the day from qualified staff. Without these childcare centres, it would mean parents have no other option but to take their children to the fields, exposing them to unnecessary risks.

However, for this approach to work we need the involvement and buy-in of the whole community and local authorities, from securing the land to building the centres, ensuring there is capable staff available. This project has been able to prevent over 2,000 child working hours, giving children an opportunity to play and learn as they are meant to.

OUR PROCESS AND PARTNERSHIPS

Our approach to Human Rights Due Diligence builds on our commitment to address and prevent negative human rights impacts in our supply chain while conducting business responsibly and ethically. These standards, and our expectations of suppliers to support our commitment, are communicated through our Responsible Sourcing Principles and our Supplier Code of Conduct, which all suppliers are required to comply with.

We have deployed an ongoing risk management process that follows a multi-step approach, focusing on supplier engagement, risk assessments, remediation and action plans. This allows us to both identify suppliers that are aligned and those that require time-bound improvement plans.

Through the process, we have also set up a clear governance and decision-making structure involving cross functional teams and senior leadership.

PROGRESS IN 2023

In 2023, we joined the International Labour Organization (ILO) Child Labour Platform, an inter-agency business initiative to eradicate child labour in supply chains. One of the projects established under this initiative is to tackle the root causes of child labour in supply chains, focusing primarily on coffee production in Honduras, Uganda and Vietnam. This coalition brings together governments, workers and employers, companies, and civil society stakeholders to facilitate knowledge sharing, cooperation, and collective action to tackle the root causes of child labour.

Despite being the world's largest producer of coffee, a significant portion of Brazilian coffee is produced by smallholder farmers. These individuals often require additional labour support, particularly during the coffee harvest. In 2023, we launched a Common Grounds project with Expotadora Guaxupé, aimed at preventing forced labour and improving working conditions. As a kick off to the project, we brought in our long-standing partner, Verité, to train the agronomists and the sustainability team to identify and prevent work analogous to slavery using the Socially Sustainable Sourcing Toolkit (S3T), an outcome of a collaborative effort in The Cooperation On Fair, Free, Equitable Employment (COFFEE) Project. Together with Exportadora Guaxupé, we expect to reach over 350 farmers by the end of 2026. Through comprehensive training on labour legislation, efforts to enhance workers' accommodations, and providing water filters, we aim to positively impact more than 2,000 individuals in rural areas.

In 2023, we extended our participation into the third phase of the Ethical Tea Partnership (ETP) and UNICEF 'Improving Lives’ programme, which is building better lives for children and families living in tea communities in Assam, India. This programme is an excellent example of the power of collaboration to address systemic social challenges supported by several tea companies. The programme aims to support children, women, and families living across 205 tea estates, by improving healthcare, nutrition, access to water, sanitation and hygiene facilities, education and enhanced child protection all of which impact the lives of workers and their families and thereby driving sustainable change for children. Find out more here.

OUTLOOK

Going forward, we will build on our robust risk mapping and supplier engagement approach and continue to implement programmes in partnership with our suppliers, ensuring we include the needs and rights of farming communities, children and youth in the design of these programmes, including local and national government institutions, civil society organisations and workers’ organisations.

The larger challenge is eradicating poverty, which is often one of the underlying causes of child labour. Changing cultural norms and increasing awareness about the importance of education and the harmful impacts of child labour are formidable tasks, both of which require building local capacities and farmer and community resilience for long-term success.

PROCUREMENT OF OTHER GOODS & SERVICES

As part of our focus on responsible sourcing and our commitment to our Supplier Code of Conduct, in 2023 we made important progress on our responsible sourcing journey along our non-coffee & tea supply chain.

We asked Sedex to assess more than 12,000 supplier locations on the basis of inherent human rights risks, based on location and industry activity. We used six indicators on environment and business ethics and the Sedex platform, which contains eight of the most serious human rights risks, aligned with the ILO Conventions:

- Forced labour
- Discrimination
- Freedom of association
- Gender
- Children & young workers
- Regular employment
- Working hours
- Health, safety & hygiene.

We then prioritised COGS suppliers for due diligence based on their combined risk score and our annual spend with them, and we identified four different risk thresholds to classify these suppliers.

Based on our risk mapping exercise, which we conducted in 2022, at least 200 COGS supplier (and 7,800 non-COGS suppliers) locations are considered a combination of low spend and low risk: the lowest risk threshold. The remaining suppliers reaching the higher risk thresholds are prioritised for further due diligence, including SMETA ethical audits (or equivalent audits).

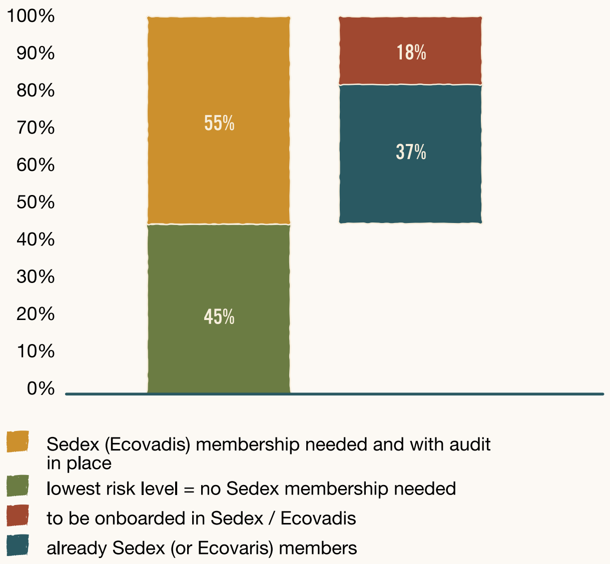
PROGRESS IN 2023

During the year, we monitored the locations of our non-coffee & tea European COGS suppliers which represent roughly 40% of the total number of COGS locations in Europe. Based on our standard operating due diligence procedure, approximately:

- 45% locations are considered to be low risk and therefore not required to be in Sedex, in line with our policy
- 55% locations are instead required to be in Sedex (or Ecovadis)
- 37% are already Sedex (Ecovadis) members and the remaining 18% still need to be onboarded in Sedex (or Ecovadis).

The following graph shows the percentage mentioned above.

European COGS suppliers locations



Additionally, we trained 90% of our COGS buyers on our standard operating procedure for COGS suppliers, which will help ensure a smooth cascade into the markets.

OUTLOOK

Looking ahead, our 2025 target is to have our COGS suppliers from all regions and all supplier locations compliant with our standard operating procedure for due diligence, and have them further monitored in line with our standard operating procedure. We also want to begin designing the due diligence roadmap for our non-COGS suppliers. This will allow us to progress our understanding on the human rights risks present in our supply chain on both a site-by-site basis and in aggregate, enabling us to design and implement an effective human rights due diligence programme and investigate potential impacts before they materialise.

ACTIVE PROJECT

Uganda Communities: Promoting Child Education

COMMODITY: Coffee
TIME FRAME: 2020-2023
LOCATION: Greater Maska and Rwenzori districts, Central and Western Uganda
SMALLHOLDER FARMERS REACHED: 4,200
PARTNERS: Rainforest Alliance, Kyagalani Coffee Ltd, Community Empowerment for Rural Development (CEFORD), Netherlands Enterprise Agency (RVO)

Uganda is the second largest coffee producer in Africa, and the eighth largest worldwide - producing about 10% of the world's coffee supply. Despite this, the majority of Ugandan smallholder coffee farmers live below the poverty line, which increases the risk of child labour and the likelihood that their children won't receive a quality education.

Demonstrating the true power of collaboration to address a systemic challenge, we are proud to have made a positive impact in these children's lives through the project over the last three years, including:

- 200 youths trained in artisanal skills
- 45 youths completed training in coffee production
- 4,200 farmers trained in Good Agricultural Practices to improve productivity
- 15 schools adopted child-friendly learning activities to attract and keep children at school

ACTIVE PROJECT

Tackling Child Labour in Vietnam

COMMODITY: Coffee
TIME FRAME: 2020-2024
LOCATION: Gia Lai, Dak Lak
SMALLHOLDER FARMERS REACHED: 1,500
PARTNERS: Vinh Hiep Coffee Company, Simexco Daklak Ltd, Rainforest Alliance, Netherlands Enterprise Agency (RVO), TMT Consulting

The project seeks to address child labour in identified risk areas of the Central Highlands of Vietnam, with a particular focus on indigenous communities. Through a multi-faceted approach, the project aims to lay the foundation for better livelihoods by providing training to 1,500 farmers, promoting gender equality, educating children through remedial classes and children's clubs and enhancing access to vocational training for youth. It also strives to improve government policies related to child labour and indigenous communities, while training coffee sourcing companies to enhance child labour prevention and remediation systems.

Achievements include:

- 32 key trainers in participatory teaching methods
- 1,889 farmers trained
- 465 children in child-led clubs
- 158 members in child protection groups
- 24 youths trained on vocational skills

BRAND HIGHLIGHT

100 UPLIFTING YEARS OF GREAT TASTING COFFEE

#2
brand in the UK (market share)

100
years (established in 1923)

Since 1923, Kenco has championed great coffee, starting from a shop in Vere Street, Mayfair, and then through mail order to British country houses. For 100 years, people have been inviting Kenco into their homes to fuel uplifting moments.

Kenco brings people together, and it is through that togetherness that people are uplifted and inspired by a great tasting coffee.

In 2023, Kenco accelerated its sustainability agenda by launching Kenco Plant-Based Oat and Almond Latte specialities, and by pivoting its focus to refills, Kenco confirmed its #1 position in the refill segment.

Kenco endeavours to use this expertise to continue to bring even more coffee occasions, for many more years to come.

Kenco. Made to Uplift

Back to brands overview

NON-FINANCIAL INFORMATION

OUR APPROACH

JDE Peet's reports on its financial and non-financial performance in a transparent and integrated manner. We are making progress on our sustainability journey, which includes preparing to comply with the Corporate Sustainability Reporting Directive (CSRD), which takes effect from 2024. This will include making improvements to our data quality, process and controls when it comes to non-financial information. The first step towards CSRD compliance is reporting upon our double materiality analysis in this annual report, which is the basis of our sustainability reporting.
To accelerate this transformation, for 2023 we have increased the number of KPIs under limited assurance of Deloitte to 15 from 10 KPIs under limited assurance in 2022.

REPORTING PERIOD AND SCOPINGS

The non-financial information in this report covers the performance of JDE Peet's for the period from 1 January 2023 up to and including 31 December 2023, unless otherwise stated. The scope of entities included in our non-financial reporting is equal to the basis of our consolidation that can be found in note 1.1 of the Consolidated Financial Statements, unless otherwise stated. More information can be found in note 9.7 of the Consolidated Financial Statements, including a list of our most significant subsidiaries. The scope extends to cover material impacts, risks and opportunities in the upstream and/or downstream value chain resulting from double materiality assessment.

For the KPIs selected for limited assurance, any scoping adjustments have been included in the basis of preparation tables below. All other scoping adjustments are included in the Overview of our non-financial information section.

As part of our enterprise risk management process, we identify and monitor risks that could impact JDE Peet's, which includes sustainability risks. These main risks are included in the Risk management section of this report.

JDE Peet's has manufacturing facilities in the following regions:

Region	Number of manufacturing facilities
Europe	15
LARMEA	13
APAC	8
Peet's	6

LIMITED ASSURANCE ON SELECTED NON-FINANCIAL KPIS

As we continue our sustainability journey, we increased the number of KPIs over which Deloitte provides limited assurance. In 2023, this increased to 15 non-financial KPIs, which we consider to be the most relevant non-financial KPIs for JDE Peet's. These KPIs were selected based on the material topics identified in our double materiality assessment as being important to stakeholders, KPIs which are linked to our loan facility, and the KPIs that are also, but not only, monitored in our Common Grounds sustainability programme.

For each of the KPIs included in the limited review scope, we prepared a basis of preparation, which includes the definitions, scope, internal controls, evidence and calculations for the respective KPIs. A summary has been included in the table below.

Five of the non-financial KPIs, namely (i) certified or verified coffee purchases, (ii) RSPO-certified palm-based oils, (iii) smallholder farmers reached in 2023, (iv) packaging designed to be reusable, recyclable or compostable and (v) share of the science-based GHG emissions reduction target (Scope 1 & 2) for 2030 to abate in each year, are included in the Loan Facilities Agreement entered into with our core banks and linked to the applicable interest rate. Our performance against the targets are reported annually to the banks and subject to limited assurance by our external auditor. More information can be found in the note 5.2 of the Consolidated Financial Statements section in this report.

REPORTING PRINCIPLES

This report was developed in accordance with the reporting principles defined by the GRI 2021 Standards: Stakeholder Inclusiveness (more information can be found in the Engaging our stakeholders section of this report) and Sustainability Context (more information can be found in the External trends section and in the Our performance section of this report).

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

From 2024, we will report in line with the CSRD, which requires companies to report on the impact their corporate activities have on the environment and society, and requires the audit (limited assurance) of reported information. In this 2023 annual report, we will include initial strategies, policies, impacts, risks & opportunities, and metrics as defined under CSRD, in preparation of the switch to CSRD reporting in 2024.

DATA QUALITY

To ensure data quality, we have implemented a data collection process for non-financial information. We performed an internal review of our existing KPIs and for the KPIs in scope for limited assurance in 2023.

The data used in this report is based on a number of data management and monitoring systems used by the respective functions and departments at JDE Peet's. Once the data was collected and consolidated, several levels of review were applied to the data received. Additionally, the data has been reviewed by the steering committee and monitored during the quarterly sustainability review programmes.

Certain non-financial KPIs disclosed in this annual report may include assumptions and estimates as definitions and availability of (quality) data may, in some cases, be less mature. For these KPIs, the assumptions and estimates can be found in the footnotes.

To continue to improve the accuracy of our data, where applicable, we have increased the use of third-party verified information as input for our calculations and continue to improve our non-financial data collection process.

Changes in legislation, as well as new and innovative ideas and technologies, are developing continually, and JDE Peet's will continue to evaluate these changes and adapt to new realities when needed.

In 2022, we began implementing the JDE Peet's non-financial internal controls framework, using the KPIs for limited assurance to define the first scope. CSRD also increases this need, as all disclosure requirements as defined in the European Sustainability Reporting Standards (ESRS) are under limited assurance of the auditor. Consequently, in 2023 we increased the number of KPIs under limited assurance to 15.

BASIS OF PREPARATION

The table below sets out the basis of preparation for the KPIs selected for limited assurance and the results of these KPIs.

Pursuant to the responsible sourcing definitions set out below, a product or material which is "responsibly sourced" does not mean or imply the absence of human rights violations or other supply chain risks in connection with the production or supply of such product or material.

RESPONSIBLE SOURCING

KPI	Definition	Scope	Calculation	Baseline year	Reference	2023 Result
% of responsibly sourced green coffee	Responsibly sourced green coffee covered by a sustainability scheme recognised by the coffee industry, such as GCP Equivalence Mechanism, including Enveritas, Rainforest Alliance, 4C, Fairtrade, etc.	All consolidated JDE Peet's entities	Volume of responsibly sourced green coffee divided by total volume of green coffee (weight in MT)	n/a	Overview of non-financial KPIs - Responsible Sourcing	83.8 %
% of responsibly sourced tea	Responsibly sourced tea (Camellia sinensis) and rooibos (Aspalathus linearis) refer to the tea (processed tea from sensitive origin) and rooibos purchased or manufactured by JDE Peet's for which the supplier has been recognised by a third party as meeting its sustainability/verification requirements. These third parties may include, Rainforest Alliance/UTZ, Fairtrade, ETP, Enveritas, etc.	All consolidated JDE Peet's entities except Les 2 Marmottes and Intelligentsia	Volume of responsibly sourced green leaf or processed tea or rooibos divided by total volume of green leaf or processed tea or rooibos (weight in MT)	n/a	Overview of non-financial KPIs - Responsible Sourcing	40 %
% of responsibly sourced palm oil	Direct responsibly sourced palm oil refers to the purchased palm oil with Roundtable on Sustainable Palm Oil (RSPO) certification	All consolidated JDE Peet's entities	Volume of responsible sourced palm oil divided by total volume of palm oil (weight in tonnes)	n/a	Overview of non-financial KPIs - Responsible Sourcing	100 %
% of deforestation-free virgin pulp & paper	The FSC 100%, FSC mix and PEFC certified portion of volume of virgin packaging materials, paper cups and point-of-sales materials of products sold. JDE Peet's continues to work with our suppliers to mature information flows with respect to FSC and PEFC certification information. Whilst we are able to verify that relevant suppliers hold FSC and PEFC certification, we remain reliant on confirmation from those suppliers that individual materials supplied fall under those certification schemes.	All consolidated JDE Peet's entities, except 12Oz, Maison Lyovel, Tea Forté, Campos, Les 2 Marmottes, Peet's China	Total materials metric tonnes with FSC, PEFC certificate divided by the total sold volumes in metric tonnes	n/a	Overview of non-financial KPIs - Responsible Sourcing	34.4 %
# of smallholder farmers reached in 2023	Smallholder farmers are small-scale agricultural producers that primarily rely on family or household labour or workforce exchange with other members of the community, including permanent, seasonal, part-time, piece rate, migrant and third-party contractors, female and male. By 'reached smallholder farmers' we mean producers and workers who have been registered by the project implementing partner (supplier, NGO, local government entity) as recipients or beneficiaries of field projects that JDE Peet's is investing in. In order to count the smallholder farmer as 'reached' they need to be recorded as part of an active project in the relevant reporting tool as a recipient of the specific training/services of that project.	All consolidated JDE Peet's entities	Number of smallholder farmers reached, which is counted annually as smallholder farmers reached for the given calendar year and total as all smallholder farmers reached since 2015	n/a	Overview of non-financial KPIs - Responsible Sourcing	110,900

MINIMISING FOOTPRINT

KPI	Definition	Scope	Calculation	Baseline year	Reference	2023 Result
Packaging intensity	Total weight of the packaging materials per cup. The average grammes of product per cup is 5.4, actual serving sizes differ per product based on recipe formulation.	All consolidated JDE Peet's entities, except 12Oz, Maison Lyovel, Tea Forté, Campos, Les 2 Marmottes, Peet's	Total weight of packaging materials in grammes divided by serving sizes of units sold (cups).	n/a	Overview of non-financial KPIs - Minimising Footprint	2.20
% of packaging components designed to be reusable, recyclable or compostable	– Designed for re-use: Packaging designed to be reusable, specifically to be refilled for the same or different purpose. – Designed for recycling: Packaging designed to be recyclable must be accepted into recycling waste streams in the end market of sale in its post-consumer discarded state. If no guidelines are present we classify designed for recycling as packaging made from a minimum of 95% of primary material in it discarded state. – Designed to be compostable: Packaging which meets ISO13432 standard at a minimum is classified	All consolidated JDE Peet's entities, except 12Oz, Maison Lyovel, Tea Forté, Campos, Les 2 Marmottes, Peet's China	Total packaging classified as designed for re-use, recycling, composting divided by total weight packaging sold (weight in metric tonnes)	n/a	Overview of non-financial KPIs - Minimising Footprint	79 %
% of (absolute) reduction of Scope 1 & 2 GHG emissions	All JDE Peet's Scope 1 & 2 greenhouse gas (GHG) emissions as defined by the GHG Protocol Corporate Accounting and Reporting Standard, using the operational control approach.	All consolidated JDE Peet's entities	GHG emissions Scope 1 & 2 2020 baseline minus GHG emissions Scope 1+2 of current year divided by GHG emissions Scope 1 & 2 2020 baseline	2020	Overview of non-financial KPIs - Minimising Footprint	21 %
Absolute Scope 3 GHG emissions (in tCO2e)	All JDE Peet's Scope 3 greenhouse gas (GHG) emissions as defined by the GHG Protocol Corporate Accounting and Reporting Standard, using the operational control approach.	All activities in operational control of JDE Peet's value chain outside Scope 1 & 2 emissions. See details below, in methodology	Activity data times emission factor	n/a	Overview of non-financial KPIs - Minimising Footprint	4,129,565

KPI	Definition	Scope	Calculation	Baseline year	Reference	2023 Result
% of water intensity reduction	Water withdrawal includes all the water sources that come into the site, streams/intake for processing, and sanitary purposes. It includes dilution, moistening, casing & flavour, steam, quenching water, cleaning purpose and cooling water. Produced volume is the amount of consolidated finished goods produced.	All manufacturing units of all consolidated JDE Peet's entities	Water withdrawal 2020 baseline minus water withdrawal of current year divided by total produced volume in 2020 baseline (weight in m3/tonne)	2020	Overview of non-financial KPIs - Minimising Footprint	1.4 %
Maintain waste to landfill under 1%	Maintain waste-to-landfill under 1% is where waste (kg/t) is disposed less than 1% of waste to landfill (kg/t). (Waste incineration without energy recovery is also considered landfill category). Total waste is the sum of all hazardous and non-hazardous waste streams.	All manufacturing units of all consolidated JDE Peet's entities	Landfill (kg/t) plus waste incineration without energy recovery generation (kg/t) divided by total waste (kg/t) multiplied by 100	n/a	Overview of non-financial KPIs - Minimising Footprint	1.1 %

CONNECTING PEOPLE

KPI	Definition	Scope	Calculation	Baseline year	Reference	2023 Result
% of women in leadership positions	Leadership positions refers to employees who are part of the Executive Committee and Global Leadership team of JDE Peet's. Employees part of the Global Leadership team hold positions of Directors and General Managers (or equivalent) within JDE Peet's.	All consolidated entities apart from a small portfolio of entities contributing to less than 5% of total revenue and 19% of employees	Headcount of women holding leadership positions divided by the total headcount of employees holding leadership positions	n/a	Overview of non-financial KPIs - Connecting People	41 %
% of manufacturing sites with food-safety certifications	Food Safety Quality Certified Manufacturing sites: any internal and external manufacturing site that has passed a food safety quality audit performed by an international recognised certification body.	All consolidated JDE Peet's entities. It includes internal and external manufacturing sites	Number of manufacturing sites with a valid GFSI certificate divided by total number of manufacturing sites	n/a	Overview of non-financial KPIs - Connecting People	85 %
Total Recordable Incidents Rate	Total number of recordable of lost time injuries, restricted work cases and medical treatment cases in JDE Peet's manufacturing units.	All manufacturing units of all consolidated JDE Peet's entities	Number of lost time injuries, restricted work cases and medical treatment cases times 200,000, divided by total hours worked for employees and contractors	n/a	Overview of non-financial KPIs - Connecting People	0.59
Voluntary turnover rate in leadership positions	Voluntary turnover during the year in the Global Leadership team and Executive Committee. Employees part of the Global Leadership team hold positions of Directors and General Managers (or equivalent) within JDE Peet's.	All consolidated entities apart from a small portfolio of entities contributing to less than 5% of total revenue and 19% of employees	Voluntary turnover in leadership divided by total turnover in leadership	n/a	Overview of non-financial KPIs - Connecting People	5.15 %

Methods to calculate Scope 3 data

Scope 3 Reporting	Calculation Methodology	Explanation
Scope 3.1: Purchased goods & services	Supplier specific Hybrid Spend based	Green coffee purchase uses sampling of the complete farm-to-port value chain, through third party Enveritas, which is converted to emissions using a standardised methodology. Includes both land management and post-harvest activities. Land Use change is included using FAO stat commodity data by country. Laminate packaging uses supplier-specific data. Raw materials (e.g. tea, dairy, sugar, oils) and pack materials purchases, product-related emissions are linked to activity data on usage to GaBi average emissions data by material, unless supplier-specific data is available. All remaining goods and services use a spend-based methodology using factors from DEFRA
Scope 3.2: Capital goods	Spend based	Spend based methodology, capex spend linked by standard industry codes to spend based emission reporting factors from DEFRA
Scope 3.3: Fuel and energy-related activities	Fuel based	Energy usage as per Scope 1 & 2 linked to GaBi country average transmission losses
Scope 3.4: Upstream transportation and distribution	Distance based	GLEC (Global Logistics Emissions Council) data linked to individual route distance & mode from supplier to JDE Peet's and JDE Peet's to customer distribution
Scope 3.5: Waste generated in operations	Waste-type specific	Based on waste type and disposal route linked to DEFRA emissions data
Scope 3.6: Business travel	Spend based Distance based	Use distance / mode data linked to GaBi data sets for when data is available from central travel agent (majority of data) Use fuel-based spend for rental cars from expense system. Use spend based for other travel from expense data
Scope 3.7: Employee commuting	Average data	Based on average DE public commuting data linked to average emissions per transport type and distance Data adapted by employees in operations (no WFH) and those in wider business (hybrid working but working to WFH policy)
Scope 3.8 : Upstream leased assets	Not applicable	
Scope 3.9: Downstream transportation & distribution	Average data	Estimated impact per pallet based on customer public report, and retail store impact from retailer scope 1&2 reported data, converted to tonnes of delivered volume
Scope 3.10: Processing sold products	Not applicable	
Scope 3.11: Use of sold products	Average product	Account as per the SBTi target for direct energy use of machines sold / leased through JDE Peet's under our operational control. This does not include generic equipment used by our consumers to prepare our products. Use servings sold by the professional business within both the Beans and Liquid categories, as proxies for the servings prepared in JDE Peet's equipment, and apply regional location-based data to these servings to the average energy use per serving type. For other vending machines use average energy / machine. For e-commerce machine sales - take sales and apply average energy use in the lifetime of that machine, in the year of sale, based on region of sale and regional average location-based electricity data.
Scope 3.12: End-of-life treatment of sold products	Average product	Assume EU average domestic disposal routes for our products (EuroSTAT) Using ISO 14040 LCA data on typical products by product category, apply average EOL life data from this to all servings sold in each product category globally.
Scope 3.13: Downstream leased assets	Not applicable	
Scope 3.14: Franchises	Average data	Utilise JDE Peet's Scope 1 & 2 average café data. Apply this to franchise coffee stores where possible by known square footage, or by average coffee store. Note: all coffee sold through franchises is included in Scope 3.1 reporting as it is provided by JDE Peet's, as is any equipment provided by JDE Peet's to the coffee store. In a franchise, this is all that JDE Peet's has operational control of.
Scope 3.15: Investments	Not applicable	

REPORTING FRAMEWORKS AND LEGAL DISCLOSURES

This report is compiled in compliance with the Dutch regulatory requirements.

The financial information in the financial statements has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Moreover, the financial information meets the requirements as set out in Title 9, Book 2 of the Dutch Civil Code. The Report of the Management Board (as defined in Title 9, Dutch Civil Code 2) consists of the following sections: Introduction, Strategy and value creation, Performance review and outlook, Governance and Risk management, excluding the Report of the non-executive Directors and the Remuneration report.

This Annual Report follows the elements and principles of the IIRC Framework. To report its non-financial performance in a robust and transparent manner, this report has been prepared in compliance with the GRI 2021 Standards. The full GRI Content Index is available as a separate PDF. JDE Peet's adopts the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and of Task Force on Nature-related Financial Disclosures (TNFD). A TCFD / TNFD reference table is available as a separate PDF. JDE Peet’s also evaluates its contribution to the UN Sustainability Development Goals developed by the United Nations to assess the impact of its corporate responsibility programme; references to these goals are provided in the Double Materiality table.

OVERVIEW OF OUR NON-FINANCIAL INFORMATION

RESPONSIBLE SOURCING

	2023	2022	2021	2020
Responsibly sourced raw materials purchases				
Responsibly sourced green coffee	83.8 %	77 %	30 %	21 %
Responsibly sourced tea (and rooibos)	40 %	27 %	32 %	100 %
Responsibly sourced palm oil	100 %	100 %	72 %	11 %
Smallholder farmer engagement				
Smallholder reached	700,900	590,000	470,000	300,00
Number of active projects	63	61	50+	30
Active projects in no. of origins	23	22	18	15
Deforestation-free main commodities				
Mapped coffee-growing plots that are deforestation-free	99.9 %			
Deforestation-free virgin pulp & paper (%)	34.4 %			
Animal welfare - Cage-free eggs				
Cage-free eggs (directly) purchased	2 %	3 %	*	

*No KPI was disclosed for prior years due to lack of data availability for these

MINIMISING FOOTPRINT

	2023	2022	2021	2020
GHG emissions				
Total Scope 1 & 2 GHG emissions (market based, tCO2e)	421,670	454,877	509,878	537,263
Total Scope 1, 2 & 3 GHG emissions (market based, tCO2e)	4,551,236	5,034,520	4,894,300	5,064,338
Total GHG intensity (in tCO2e/t of production) (market based, tCO2e)	6.7	7.1	6.6	7.0
Total GHG intensity (in kgCO2e/ € of revenue) (market based, tCO2e)	0.56	0.62	0.70	0.62
Scope 1: Direct emissions (tCO2e)	326,791	344,841	374,250	377,443
Scope 2: Indirect emissions, purchased energy (tCO2e)				
– Location based	137,371	157,127	159,255	164,033
– Market based	94,879	110,036	135,628	159,820
Scope 3: Indirect emissions, value chain (tCO2e)	4,129,565	4,579,643	4,384,422	4,527,075
– Scope 3.1: Purchased goods & services	3,333,387	3,780,625	3,552,062	3,695,136
– Scope 3.2: Capital goods	171,043	149,571	163,477	167,356
– Scope 3.3: Fuel and energy-related activities	97,206	104,024	112,343	103,788
– Scope 3.4: Upstream transportation and distribution	200,036	208,082	207,691	226,849
– Scope 3.5: Waste generated in operations	1,134	1,433	1,308	2,716
– Scope 3.6: Business travel	14,893	11,526	4,634	3,441
– Scope 3.7: Employee commuting	9,846	9,623	9,658	9,044
– Scope 3.9: Downstream transportation and distribution	87,890	95,263	103,549	98,511
– Scope 3.11: Use of sold products	34,766	22,100	23,858	15,871
– Scope 3.12: End-of-life treatment of sold products	173,228	192,256	200,404	197,235
– Scope 3.14: Franchises	6,134	5,139	5,437	7,128
Scope 1 & 2 GHG emissions reduction from a 2020 base year	21 %	15 %	5 %	— %
Scope 3 GHG emissions reduction from a 2020 base year	9 %	(1)%	3 %	— %
Location based (For info not SBTi Target)				
Total Scope 1 & 2 GHG emissions (location based, tCO2e)	464,162	501,968	533,505	541,476
Total Scope 1, 2 & 3 GHG emissions (location based, tCO2e)	4,593,727	5,081,610	4,917,927	5,068,551
Total GHG intensity (in kgCO2e/ € of revenue) (location based, tCO2e)	0.56	0.62	0.70	0.62

	2023	2022	2021	2020
Emissions Trading Schemes				
Emissions covered by ETS (Scope 1)	96,962			
Allocated allowances	18,950			
Purchased allowances	78,012			
Environmental Management System				
Total number of manufacturing facilities	42	43[40]	43	44
Manufacturing facilities certified against ISO 14001	23	22	20	18
Energy[41]				
Total energy consumption within the organisation (in MWh)	2,356,882	2,448,158	2,529,195	2,497,175
Total energy intensity (in MWh/t of production) [42]	3.5	3.4	3.4	3.5
Total energy intensity (in kWh/€ of revenue) (sector c10.83)	0.29	0.30	0.36	0.30
Total direct fuel consumption within the organisation (in MWh)	1,939,828	1,987,478	2,073,458	2,034,792
– Direct non-renewable fuel consumption (in MWh)	1,580,528	1,629,128	1,752,216	1,760,094
– From natural gas	1,419,324	1,464,786	1,586,888	1,588,667
– From coal	36,529	66,461	80,057	93,560
– From other energy sources	124,675	97,882	85,271	77,866
Direct renewable fuel consumption (in MWh)	359,300	358,350.0	321,242.0	274,699.0
Direct renewable fuel consumption (in %)	19 %	18 %	15 %	14 %
Total electricity purchases (in MWh)	345,418	366,630.0	362,050.0	364,061.0
– Thereof from renewable sources (in %)	49 %	49 %	16 %	3%
Total third-party heat & steam purchases (in MWh)	75,567	99,265	101,958	105,908
Total direct and indirect energy from renewable sources (in MWh)	527,144	537,501	380,377	275,499
Total direct and indirect energy from renewable sources (in %)	22 %	22 %	15 %	11 %

[40] Two of the manufacturing facilities were recent acquisitions and therefore out of scope.
[41] Note that the energy was reported in PJ in 2022.
[42] It includes energy consumption within and outside of the organisation.

	2023	2022	2021	2020
Packaging				
Total packaging volume (in kt)	289.37	285.33	297.19	296.48
– Glass	108.22	105.83	113.11	120.05
– Paper & cardboard	93.61	91.00	86.40	83.19
– Bioplastic plastics	1.87	1.69	1.61	1.27
– Combined plastics	22.97	24.26	25.06	24.32
– Aluminium	5.56	5.39	5.89	5.37
– High-density polyethylene (HDPE)	0.18	0.15	0.38	0.51
– Low-density polyethylene (LDPE)	3.17	3.26	3.73	4.15
– Polyethlyene Terephthalate (PET)	0.32	0.42	0.34	0.46
– Polyproplyene (PP)	19.57	19.71	22.29	21.07
– Polystyrene (PS)	0.16	0.17	0.13	0.08
– Steel	0.76	0.86	1.07	0.95
– Textile	0.04	0.04	0.04	0.05
– Wood	31.33	30.95	35.08	32.93
– Other	1.62	1.61	2.04	2.08
Total renewable packaging materials (in kt)*	126.81	123.64	123.09	117.39
Total non-renewable packaging materials (in kt)*	162.56	161.70	174.10	179.09
Virgin plastic (in kt aggregated including bioplastics)	47.99	49.42	53.31	51.57
Packaging intensity (in g/cup)**	2.20	2.07	1.98	2.03

	2023	2022	2021	2020
Progress against our sustainable packaging 2030 targets				
Design 100% of our packaging to be reusable, recyclable or compostable (as percentage of total weight)	79 %	78 %	77 %	73 %
– Glass	37 %	37 %	38 %	38 %
– Paper & cardboard	29 %	28 %	25 %	22 %
– Plastics (aggregated including bioplastics)	2 %	2 %	2 %	2 %
– Aluminium	2 %	2 %	2 %	2 %
– Steel	— %	— %	— %	— %
– Textile	— %	— %	— %	— %
– Wood	9 %	9 %	10 %	10 %
– Other	— %	— %	— %	— %
Use of recycled content in our packaging (as percentage of total	35 %[43]	35 %	30 %	27 %
– Glass	17 %	18 %	14 %	13 %
– Paper & cardboard	18 %	17 %	16 %	14 %
– Plastics (aggregated including bioplastics)	— %	— %	— %	— %
– Aluminium	— %	— %	— %	— %
– Steel	— %	— %	— %	— %
– Textile	— %	— %	— %	— %
– Wood	— %	— %	— %	— %
– Other	— %	— %	— %	— %

[43] It includes supplier verified data (no industry averages applied as in 2021 and 2020).
* Material fractions include bioplastics, paper & cardboard, wood
** JDE only excluding Yangon, Arsin, Duzce

	2023	2022	2021	2020
Manufacturing waste				
Halve our total waste (vs 2020)	(37)%	(20)%	(16)%	— %
Waste-to-landfill	1.1 %	1.3 %	0.7 %	2 %
Waste diverted from disposal (%)	91 %	90 %	88 %	89 %
Total waste generated (metric tonnes)	84,813	107,036	112,914	133,842
Non-hazardous waste in tonnes	83,926	106,393	112,121	133,530
– Reuse	0	0	0	0
– Recycling	12,092	10,996	15,033	13,482
– Other recovery	65,006	85,733	84,121	105,081
– Incineration	5,931	8,186	12,165	11,073
– Landfill	884	1,427	723	2,103
– Other disposal	13	61	79	1,792
Hazardous waste in tonnes	887	643	793	312
– Reuse	0	0	0	0
– Recycling	657	518	702	123
– Other recovery	0	0	0	0
– Incineration	142	125	56	42
– Landfill	35	0	36	20
– Other disposal	53	0	0	127
% of non-recycled waste	1.2 %	1.4 %	0.7 %	3.0 %
Waste intensity (t/t of production)	0.13	0.15	0.15	0.19

	2023	2022	2021	2020
Water in manufacturing				
Total withdrawal (million cubic metres)	6.60	6.91	7.14	7.16
% withdrawal, municipal	77 %	77 %	77 %	77 %
% withdrawal, groundwater	23 %	23 %	23 %	23 %
% withdrawal, surface water	<0.01%	<0.01%	<0.01%	<0.01%
Manufacturing facilities in water-stressed areas	11	12	12	15
Withdrawal in water-stressed areas (million cubic metres)	0.90	0.94	0.96	1.06
% withdrawal, municipal	99 %	99 %	98 %	99 %
% withdrawal, groundwater	1 %	1 %	2 %	1 %
% withdrawal, surface water	0%	0%	0%	0%
Water intensity (in m3/tonne of production)	9.8	9.7	9.6	9.9
Water intensity (in m3/million € of revenue)	806	848	1,020	874
Total consumption (million cubic metres)	1.4	n/a	n/a	n/a
Consumption in water-stressed areas (million cubic metres)	0.30	n/a	n/a	n/a
Total water discharge	5.20	5.50	5.80	5.40
% discharge to public sewer	63 %	62 %	62 %	62 %
% discharge to surface water	37 %	38 %	38 %	38 %
% discharge to other (e.g. truck)	<0.01%	<0.01%	<0.01%	<0.01%
% manufacturing operations with access to safely managed Water, Sanitation and Hygiene (WASH) facilities	88 %	n/a	n/a	n/a

CONNECTING PEOPLE

	2023	2022	2021	2020
Our workforce at 31 December				
No. of employees[44]	21,196	20,710	21,027	20,231
% Permanent	96.3 %	95.3 %	93.3 %	93.0 %
% Temporary	3.7 %	4.7 %	6.7 %	7.0 %
% Full-time	78.4 %	79.1 %	79.6 %	81.3 %
% Part-time	21.6 %	20.9 %	20.4 %	18.7 %
No. of external contractors[45]	3,039	3,001	3,275	3,098
New hires in the year	25.6 %	32.1 %	30.4 %	16.8 %
Internal fill rate - Global Leadership team	61.5 %	52.8 %	*	*
Internal fill rate - All employees (Total)	27.6 %	26.7 %	*	*
Turnover rate	28.1 %	32.3 %	32.4 %	25.2 %
Share of women at 31 December[46]				
Non-executive Directors	38.5 %	38.5 %	23.1 %	23.1 %
Leadership positions (%)	41.3 %	41.0 %	36.2 %	*
Leadership positions (Headcount)	129	*	*	*
Executive Committee	36.4 %	33.3 %	25.0 %	36.4 %
Global Leadership team	41.5 %	41.2 %	36.7 %	35.5 %
People managers	40.2 %	37.9 %	*	*
All other employees	43.0 %	43.0 %	43.0 %	41.7 %
All employees (Total)	42.6 %	42.3 %	*	*
Nationalities at 31 December				
Non-executive Directors	8	8	10	10
Executive Committee	8	8	8	8

	2023	2022	2021	2020
Global Leadership Team	35	34	34	35
All employees (Total)	101	96	93	89
Engagement				
Engagement survey participation rate	85 %	83 %	88 %	*
Employee Workplace Experience Indicator	77 %	75 %	*	*
Talent				
Average training hours per employee	23	23	12	*
Average spent for training per employee[47]	€ 279,77	€291.03	*	*
Average spent for recruitment per employee[48]	€ 1.182,13	€820.55	*	*
% of employees receiving regular performance and career development reviews	86 %	86 %	*	*
% of target population covered by Rise Leadership Programme (middle managers)	35 %	*	*	*
% of target population covered by Elevate Leadership Program (senior	51 %	*	*	*
Collective bargaining				
People covered by collective bargaining agreements	34.0 %	34.0 %	34.0 %	33.0 %
Food safety and quality				
Internal manufacturing sites certified to internationally recognised certification body	29	28	27	23
External manufacturing sites certified to internationally recognised certification body	69	61	*	*
Manufacturing sites certified to internationally recognised certification body (%)	85 %	75 %	63 %	52 %
Production volume from sites certified to internationally recognised food and safety standards (%)	86 %			

[44] Employees of all consolidated entities of JDE Peet's have been included, with no significant difference year on year. Refer to note 1.1 Reporting entity of the Consolidated Financial Statements.
[45] The most common types of external workers cover activities such as: facilities and other outsourced activities, transactional activities in finance, IT contractors, operators servicing coffee machines (Out-of-home) and manufacturing temporary labour. No significant difference year on year.
[46] Excludes employees that indicated their gender as "undisclosed" or "other" (which represents 0,8% of the total workforce) as we acknowledge that gender is not binary. This exclusion applies to all tables where gender is reported.
[47] The scoping exclusion below does not apply to these KPIs.
[48] The scoping exclusion below does not apply to these KPIs.

	2023	2022	2021	2020
Occupational health & safety				
Total Recordable Incidents Rate (per 200,000 hours worked) - total	0.59	0.46	0.56	0.61
Number of work-related injuries - total[49]	60			
– Number of work-related injuries - Employees[49]	44			
– Number of work-related injuries - Contractors[49]	16			
Lost-Time Injury Frequency Rate (LTIFR) - total[50]	0.31			
– LTIFR - Employees[50]	0.25			
– LTIFR - Contractors[50]	0.48			
Workplace fatalities - employees	1[51]	0	0	0
Workplace fatalities - contractors[52]	0	0	0	0
Manufacturing facilities with ISO 45001 certification	22	19	17	17
Pay equity				
Pay equity-gap	<1 %			

Gender diversity - Additional data (%) at 31 December 2023	Women	Men
Junior people managers	39.5 %	60.5 %
People managers - revenue generating functions[53]	38.5 %	61.5 %
All employees STEM[54]	54.8 %	45.2 %

Generations (%) at 31 December 2023	<30 years old	30-50 years old	>50 years old
Executive Committee	— %	27.3 %	72.7 %
Global Leadership team	— %	58.3 %	41.7 %
All employees (Total)	28.0 %	50.7 %	21.3 %

At 31 December 2023	Human capital (Headcount)						
	Gender		Region				
	Women	Men	Europe	LARMEA	APAC	Peet's	Total
Number of employees	7,236	9,751	6,589	3,367	2,791	4,381	17,128
Number of permanent employees	6,936	9,413	6,187	3,323	2,599	4,381	16,490
Number of temporary employees	300	338	402	44	192	0	638
Number of full-time employees	4,940	8,467	5,990	3,351	2,689	1,391	13,421
Number of part-time employees	2,296	1,284	599	16	102	2,990	3,707

Ethnicity (%) at 31 December 2023 (Peet's Coffee US)	Asian	Black or African American	Hispanic or Latino	White	Other	Non specified
All employees (Total)	11.1 %	4.9 %	27.0 %	43.0 %	6.8 %	7.2 %
Global Leadership Team	6.3 %	1.3 %	3.8 %	74.7 %	2.5 %	11.4 %

[49] No KPI was disclosed for prior years due to lack of available data for these periods
[50] It only includes JDE manufacturing sites
[51] This incident corresponds to the supply chain area, the scope of the rest of OH&S indicators covers manufacturing units.
[52] There was one fatal accident involving a subcontractor of a contractor at one of our stores in 2023.
[53] All employees holding Sales & Marketing functions.
[54] All employees holding R&D functions.

		2023		
		Turnover rate (%)	Voluntary turnover rate (%)	Involuntary turnover rate (%)
Gender	Women	33.3 %	26.2 %	7.0 %
	Men	23.8 %	14.7 %	9.1 %
	< 30 years old	55.5 %	46.4 %	9.1 %
	30 - 50 years old	18.9 %	11.5 %	7.5 %
	> 50 years old	15.2 %	6.2 %	9.0 %
Region	APAC	29.7 %	19.1 %	10.6 %
	Europe	13.8 %	7.1 %	6.8 %
	LARMEA	16.9 %	7.9 %	9.0 %
	Peet's	57.4 %	49.2 %	8.2 %
Employee Group	Global Leadership Team	12.4 %	5.4 %	7.0 %

		2023	
		Leavers (Headcount)	Hires (Headcount)
Gender	Women	2,445	2,134
	Men	2,373	1,817
Generations	< 30 years old	2,632	2,739
	30 - 50 years old	1,707	1,171
	> 50 years old	556	182
Region	APAC	868	633
	Europe	926	733
	LARMEA	575	567
	Peet's	2,526	2,527
	Total	**4,895**	**4,092**

Number of employees receiving regular performance and career development reviews, per gender and age (1 January - 31 December 2023)

	<30 years old	30-50 years old	>50 years old	Total
Women	1.712	3.422	1.102	6.236
Men	1.524	4.718	2.203	8.445

Number of employees receiving regular performance and career development reviews, per employee group (1 January - 31 December 2023)

Executive Committee	12
Global Leadership Team	286
People Managers	809
Junior People Managers	995
Associates	12,630
All employees (Total)	**14.732**

Countries with Collective bargaining agreement and social dialogue in place at 31 December 2023

	Collective bargaining agreement		Social Dialogue
Coverage rate	**Employees - EEA**	**Own workforce - Non-EEA**	**Workspace representation (EEA only)**
0-19%		APAC Region	
		US Region	
		UA-EEMA Region	
	Poland		Yes
20-39%	Denmark		Yes
40-59%		UK	Yes
60-79%	Czech Republic		Yes
80-100%	Netherlands		Yes
	Spain		Yes
	Sweden		Yes
		Norway	Yes
	France		Yes
	Belgium		Yes
	Romania		Yes
	Germany		Yes
		Brazil	Yes

Scoping adjustment for Connecting People KPIs

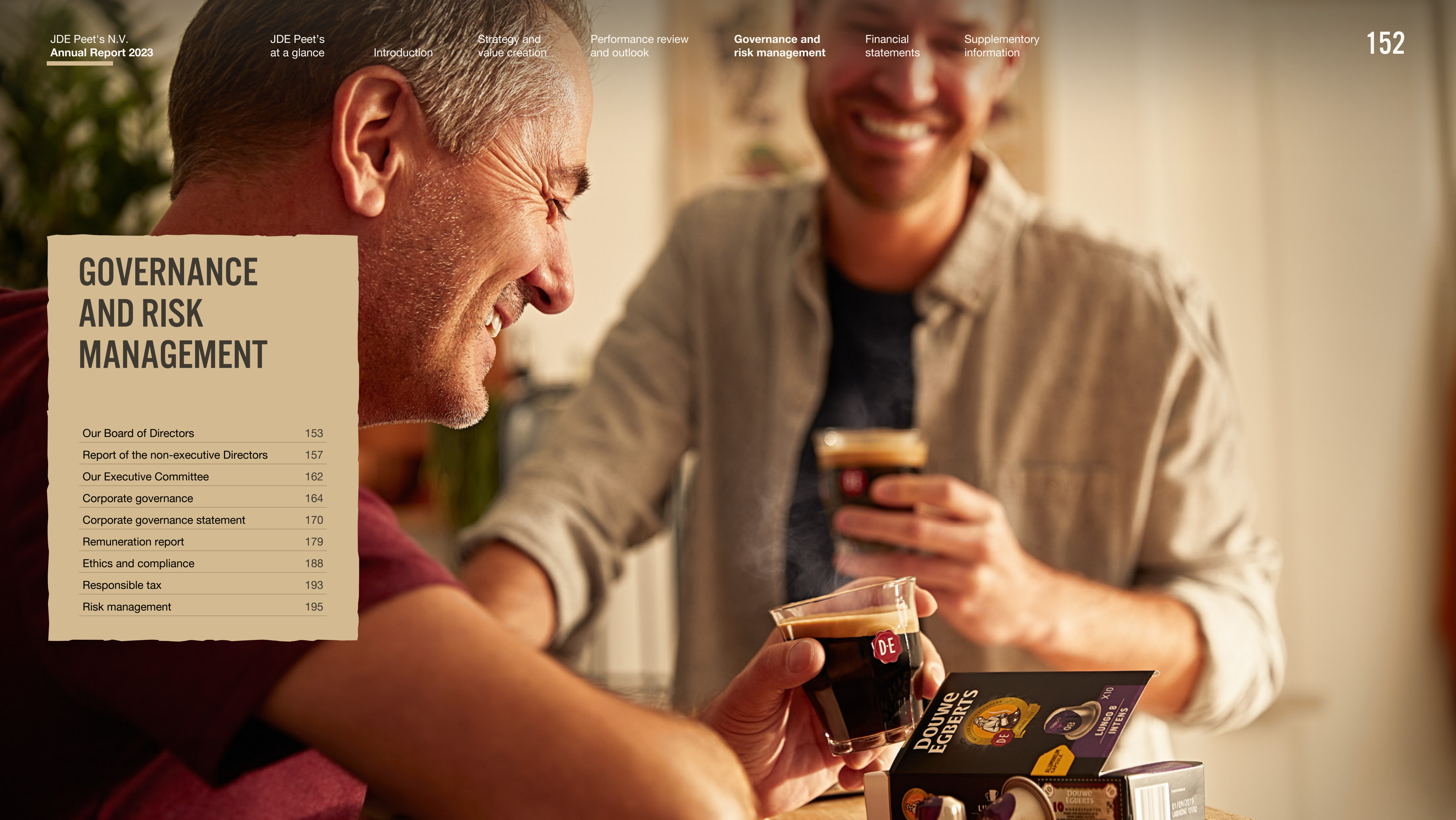
All consolidated entities of JDE Peet's, apart from a small portfolio of entities contributing 5% of total revenue and approximately 19% of total employees, have been included. This does not apply to the total number of employees, where all employees of consolidated entities of JDE Peet's have been included.

Restatement of information

During 2023, we took additional steps to improve our non-financial data quality and collection. As part of this process, we have revised our methodology and definitions for certain KPIs within our Minimising Footprint and Connecting People pillars. The following material changes were made:

	Change in methodology	Impact of restatement
Minimising Footprint		
Scope 1: Direct emissions (tCO2e)	Base year has been restated to include impact of entities that are now part of JDE Peet's ; (Campos & Les 2 Marmottes) & updated emission factors	(0.4)%
Scope 2: Indirect emissions, purchased energy - market based	Base year has been restated to include impact of entities that are now part of JDE Peet's ; (Campos & Les 2 Marmottes) Emission factors have been updated to most recent DEFRA / IEA factors (including all prior years data)	+3%
Scope 3.1: Purchased goods & services	'-Green coffee emissions previously used an assumption that certified coffee came land-use change and burden free. This has been changed to reflect that no certification schemes commit to being deforestation-free in 2000 -Addition of spend-based impact related to addition of all entities (12Oz / Maison Lyovel /JobMeal / Campos) all years -Restatement of raw material usage - through improved automated tools replacing manual estimates -Replacement of revenue uplift estimates for missing data, with category average material usages related to missing data linked to known production volumes rather then revenue basis Correction on spend based reporting & Update Instant coffee emission factors aligned with updated green coffee data	Estimated at +160,000 tonnes on base year and subsequent years reporting data (+ 4% JDE Peet's total) Addition Maison Lyovel / 12Oz / Campos / JobMeal + 45kt (3.1&3.2) (+1.4% JDE Peet's total) Spend correction and updated raw materials data and Instant coffee emission factor + 50kt (+1% JDE Peet's Total)
Scope 3.4 & 3.9	Updated GLEC emission factors related to higher well-to-tank emission factors, correction of missing routes in base year and subsequent years. All JDE Peet's inbound and outbound included under 3.4. Addition in reporting of Customer logistics and retail outlet impacts included in downstream 3.9, not previously reporting	10% increase in logistics reported impact 3.4 Customer logistics & retail impact approx 80kT (2% increase in total JDE Peet's Scope 3)
Scope 3.11: Use of sold products	Addition of vending machines sold / leased by Maison Lyovel & JobMeal	Minor <0.1% JDE Peet's total
Scope 3.14 Franchises	Addition of 12Oz and Cafe do Ponto previously not included	Minor <0.1% JDE Peet's total
Intensity indicators – Total GHG intensity – Total energy intensity – Waste intensity – Water intensity	Production volumes for 2020 base year were incorrectly stated and have been reset	intensity reduction lower than previously shown - approximately 5% missing volume from 2020 base year data.
Total packaging volume (in kt)	– Weight of wood (pallets) has been included in total packaging weight annually dating back to 2020	Increased total packaging weight on average 32,6kt annually between 2020-2023. No impact to carbon accounting as pallet weight reported through spend
Total packaging volume (in kt)	– Assumptions of missing packaging weight for plants not integrated into JDE ERP software were included using weight of finished goods sold, serving size per product category, and average packaging intensity per material type	2020 - 10.13kt increase 2021 - 8.74kt increase 2022 - 8.78kt increase 2023 - 8.23kt increase

	Change in methodology	Impact of restatement
Total packaging volume (in kt)	– Externally manufactured (EM) products were previously excluded due to lacking data accessibility. EM finished goods weight is approximately 1.47% of total sold. All packaging material fractions were uplifted by 1.47% dating back to 2020. This will be removed in 2024 annual report as EM volume will be in sourced into the company's global packaging consumption model	1.47% increase across all material fractions
Total packaging volume (in kt)	– 6 months of sales generated from three plants in APAC during 2020 were captured manually & now accounted for using weight of finished goods sold, serving size per product category, and average packaging intensity per material type	2020 - 3,07kt increase
Design 100% of our packaging to be reusable, recyclable or compostable (as percentage of total weight)	– Weight of wood (pallets) has been included in KPI scope dating back to 2020, missing packaging weights for plants not integrated into JDE ERP, 6 months manual APAC data in 2020, externally manufactured uplift	Weight of wood has negligible impact, inclusion to be consistent with total packaging weight. Inclusion of plants, missing data, EM uplift decrease RRC each year: 2020 -4.52% 2021 -3.50% 2021 -3.65% 2023 -3.50%
Use of recycled content in our packaging (as percentage of total weight)	– Weight of wood (pallets) has been included in KPI scope dating back to 2020, missing packaging weights for plants not integrated into JDE ERP, 6 months manual APAC data in 2020, externally manufactured uplift	Weight of wood resulted in lower recycled content scores by 4% for each year dating back to 2020. Inclusion of plants, missing data, EM uplift decrease results by ~1% year over year.



GOVERNANCE AND RISK MANAGEMENT

OUR BOARD OF DIRECTORS

Our company has a one-tier board, which means that the Board of Directors (the "Board") is the executive and supervisory body of the company. The executive Director is responsible for the company's day-to-day management. The non-executive Directors supervise and advise the executive Director and oversee the general course of affairs, strategy, operational performance and corporate governance of the company and are responsible for the company's sustainable long-term value creation. Each Director owes a duty to the company to act in the corporate interest of the company and its affiliated enterprise, taking into account the impact the actions of the company and its affiliated enterprise have on people and the environment and, to that end, weighing the interest of all its stakeholders. More information about the responsibilities and functioning of the Board can be found in the Board Rules (as adjusted in 2023).

More detailed biographies of our Board of Directors can be found on JDE Peet's website.

EXECUTIVE DIRECTOR

FABIEN SIMON

French (1971), man

Executive Director and CEO

First appointed in 2020

Principle position: CEO JDE Peet's N.V.

Previous positions: non-executive Director of the company, partner at JAB. Chairman of National Veterinary employees. Chief financial officer of JDE (2014-2019), 13 years at Mars, Incorporated in various leadership roles, including Asia-Pacific corporate staff, vice president, chief financial officer of Petcare Europe, eight years at Valeo in a variety of leadership roles.

CHAIRMAN OF THE BOARD

OLIVIER GOUDET

French (1964), man

Non-executive Director and Chairman of the Board

Non-independent

First appointment 2020, end of current term AGM 2026

Principle position: senior investment advisor of JAB

Other board memberships: chairman of the board of Krispy Kreme, member of the board of directors of Keurig Dr Pepper, Coty and several JAB controlled companies.

Previous positions: CEO and managing partner at JAB, a position he held from 2012 until 2023, various roles at Mars, Incorporated, including CFO, executive vice president and Group CFO, adviser to the board of directors of Mars, Valeo, chair of the board of Anheuser Busch InBev SA/NV.

NON-EXECUTIVE DIRECTORS

JOACHIM CREUS

Belgian (1976), man

Non-executive Director

Non-independent

First appointment 2020, end of current term AGM 2025

Principle position: managing partner and the CEO and vice-chairman of JAB.

Other board memberships: member of the board of directors of Coty and several JAB controlled companies.

Previous positions: a number of executive officer roles at several JAB holding entities, various legal- and tax-related positions at Siemens, Rödl & Partner and Tiberghien Lawyers.

LUC VANDEVELDE

Belgian (1951), man

Non-executive Director and Lead Independent Director, member of the Audit Committee and member of the Remuneration, Selection and Appointment Committee

Independent

First appointment 2020, end of current term AGM 2026

Principle position: founder and chair of Change Capital Partners LLP.

Other board memberships: chair of Change Capital Partners LLP, chair of Majid Al Futtaim Leisure & Entertainment and Cinemas.

Previous positions: chair of Marks and Spencer Group plc, senior independent director of Vodafone Group plc and chair of its remuneration committee, non-executive director Vodafone Group plc, director of Société Générale S.A., chair of Carrefour, various positions at Kraft Foods for 24 years in Europe and the United States in finance, business development and mergers and acquisitions, CEO of Kraft Jacobs Suchard's French and Italian operations.

PETER HARF

German (1946), man

Non-executive Director and member of the Remuneration, Selection and Appointment Committee

Non-independent

First appointed in 2020

Principle position: chair and a managing partner at JAB.

Other board memberships: chair of the board of directors of Coty, member of the board of directors of Keurig Dr Pepper.

Other positions: founder of Delete Blood Cancer DKMS.

Previous positions: chair of Anheuser-Busch InBev SA/NV, member of the board of directors of Burger King, deputy chair of Reckitt Benckiser, CEO of Coty.

DENIS HENNEQUIN

French (1958), man

Non-executive Director and member of the Remuneration, Selection and Appointment Committee

Independent

First appointment 2020, end of current term AGM 2024

Principle position: founding partner of French Food Capital and a founder of The Green Jersey consulting firm.

Other board memberships: vice chairman and member of the remuneration committee of Pret A Manger, non-executive director and chair of the remuneration committee of Bakkavör Group plc; non-executive director and member of the remuneration committee of Espresso House, non-executive director of KellyDeli Company Limited and Elior.

Previous positions: partner for Cojean Limited, president and managing director of McDonald's France, president of McDonald's Europe, independent board of director Accor SA, executive director of Accor SA, CEO Accor SA. Member of boards of directors of John Lewis Partnership plc, SSP Group plc and Eurostar International Limited. Chairman of the board of Picard Surgeles SAS.

ANA GARCÍA FAU

Spanish (1968), woman

Non-executive Director and member of the Audit Committee, Board Sustainability Contact

Independent

First appointment 2022, end of current term AGM 2026

Principle position: non-executive director at Merlin Properties SA (Spain), Gestamp Automation SA (Spain) and Celinex Telecom (Spain).

Other board memberships: non-executive chairperson and chair of the remuneration committee at Finerge SA (Portugal), member of advisory boards at Swiss bank Pictet (Iberia), Salesforce (EMEA) and the McKinsey Alumni Council (Spain); is an external advisor to Cosentino Group in Spain.

Previous positions: CEO of Yell for the Spanish and Latin American businesses before expanding her role to the US Hispanic market, chief corporate development officer and CFO of TPI (Yellow Pages & Digital businesses) at the Telefónica Group, member of the board and member of audit and risk committee of Eutelsat Communications SA and Technicolor SA (France), DLA Piper LLP (UK) and Globalvia SAU (Spain).

STUART MACFARLANE

British (1967), man

Non-executive Director and Chair of the Audit Committee

Independent

First appointed in 2020

Principle position: director of NOMAD Foods Europe Limited.

Previous positions: various senior roles at Anheuser-Busch InBev SA/NV, managing director, Ireland, president of AB InBev UK and Ireland in 2008, president Central and Eastern Europe based in Moscow of the global executive board, Whitbread Beer Company (later acquired by Interbrew SA/NV). Most recently served as Anheuser-Busch InBev's President, Europe and Middle East from 2014 to 2019.

LAURA STEIN

American (1961), woman

Non-executive Director and member of the Remuneration, Selection and Appointment Committee, Board Sustainability Contact

Non-independent

First appointment 2022, end of current term AGM 2026

Principle position: executive vice president, corporate & legal affairs, general counsel and Corporate Secretary of Mondelēz International, Inc.

Other board memberships: board member of several non-profit organisations including the Pro Bono Institute and CEELI Institute, member of the American Law Institute Council, the leaders council of the Legal Service Corporation and the advisory board of the Harvard Law School Center on the Legal Profession and Corporate Pro Bono, where she serves as co-chair.

Previous positions: executive vice president, general counsel & corporate affairs for The Clorox Company, member of the Clorox Executive Committee, president of The Clorox Company Foundation, sponsored Clorox's cybersecurity and enterprise risk management programs and the Clorox Women's Employee Resource Group. senior vice president – general counsel and member of the senior management committee at the H.J. Heinz Company, director of Heinz's Foundation, former director and former chair of the pension investment committee and the environmental, safety & security committee of Canadian National Railway, former director and former chair of the Corporate Governance Committee of Franklin Resources, Inc., former director of Nash Finch Company.

AILEEN RICHARDS

British (1959), woman

Non-executive Director and Chair of the Remuneration, Selection and Appointment Committee

Independent

First appointment 2020, end of current term AGM 2024

Principle position: independent non-executive director on several boards.

Other board memberships: independent non-executive director on several boards, including Pret A Manger and Samworth Brothers (Holdings) Limited.

Previous positions: senior executive and executive vice president at Mars, Incorporated, responsible for the human resources strategy, led Mars Global Services (Mars IT, Mars Financial Services and Mars Associate Services), various senior international roles in procurement and manufacturing at Mars, Incorporated. Independent non-executive director of Mars Nederland B.V.

PAULA LINDENBERG

Brazilian (1975), woman

Non-executive Director

Independent

First appointment 2022, end of current term AGM 2026

Principle position: managing director of Diageo in Brazil.

Previous positions: Unilever, Johnson & Johnson and AB Inbev, multiple brand and category leadership roles at AB Inbev in Brazil, lead global insights in New York. Following this, chief marketing officer of AB Inbev in Brazil, president of AB Inbev for the UK, Ireland and Spain.

PATRICIA CAPEL

Brazilian (1972), woman

Non-executive Director

Non-independent

First appointment 2023, end of current term AGM 2027

Principle position: partner at JAB.

Previous positions: 25 years at AB InBev and Ambev in numerous roles, most recently led commercial operations in Chile, Bolivia and Paraguay. Extensive global experience including in the United States, Russia, Latin America, Belgium and Canada. Also held positions at PWC and Cargill Agricola.

JEROEN KATGERT

Dutch (1968), man

Non-executive Director and member of the Audit Committee

Non-independent

First appointment 2023, end of current term AGM 2027

Principle position: senior vice president finance, Mondelēz Europe.

Previous positions: various leadership positions at Mondelēz, including vice president commercial and FP&A, vice president finance Coffee Europe and vice president finance 'Project One Europe', 16 years at Unilever in a variety of roles, including vice president finance Unilever, supply chain Europe and finance director M&A and treasury.

FRANK ENGELEN

Dutch (1971), man

Non-executive Director and member of the Audit Committee

Non-independent

First appointment 2020, end of current term AGM 2025

Principle position: managing partner and the chief financial officer of JAB.

Other board memberships: member of the board of directors of several JAB controlled companie.

Previous positions: partner at JAB in September 2020, senior partner at JAB in September 2022, partner at PwC for 17 years, including member of the board of PwC Netherlands for five years and member of the board of PwC Europe for two years.

REPORT OF THE NON-EXECUTIVE DIRECTORS

INTRODUCTION

This report provides further information on the way we performed our duties in 2023.

We strive to create a culture that contributes to the long-term value creation of the company, and it is our responsibility to adopt common values focused on sustainable long-term value creation.

CHANGES TO THE COMPOSITION OF THE BOARD

At the AGM held on 25 May 2023, Jeroen Katgert and Patricia Capel were appointed as non-executive Directors of the company. They have temporarily filled in vacancies on the Board as stand-in non-executive Directors, Patricia Capel since 26 September 2022, and Jeroen Katgert since 11 May 2022. With these new appointments, the Board broadened its diversity while introducing additional expertise and knowledge of the fast-moving consumer goods sector. These new non-executive Directors followed an induction programme in the course of 2022 when they were nominated as stand-in non-executive Directors. Additional trainings (including on business conduct and anti-bribery and corruption) have been also offered to the Board and can be followed at the discretion of the Board.

At the upcoming AGM in 2024, the Board will propose to the shareholders to appoint Aileen Richards, Stuart MacFarlane and Denis Hennequin as non-executive Directors for a second term of four years.

MEETINGS AND ACTIVITIES OF THE BOARD

ATTENDANCE

The Board held six meetings in 2023. One additional Board call was organised to discuss and approve the acquisition of Maratá’s coffee & tea business in Brazil. In addition, as part of the Board's meeting in September, which was held in France, the Board visited the company's capsules factory in Andrézieux, France. The CEO attended all Board meetings. Other members of the Executive Committee, as well as certain Global Leadership team members, were invited to give presentations to the Board. The non-executive Directors held several meetings without other attendees to independently review and discuss certain matters. In addition, the Chair and the CEO held regular one-to-one meetings to discuss progress and key topics. The Board members had contact with various levels of the company's management to ensure that they remained well-informed about the company’s operations.

The non-executive Directors attended all Board meetings in 2023, except for a limited number of occasions (of which each absence had a valid reason). An overview of the individual attendance of our non-executive Directors at the meetings of the Board and of its Committees is set out below. All non-executive Directors set aside adequate time to give sufficient attention to the company’s business.

Non-executive Directors	Attendance at Board meetings	Attendance at Audit Committee meetings	Attendance at Remuneration, Selection and Appointment Committee meetings
Olivier Goudet	7/7		
Aileen Richards	7/7		4/4
Stuart MacFarlane	7/7	6/6	
Peter Harf	5/7		4/4
Joachim Creus	7/7		
Frank Engelen	7/7	6/6	
Luc Vandevelde	7/7	6/6	4/4
Jeroen Katgert	7/7	6/6	
Laura Stein	5/7		4/4
Ana García Fau	7/7	6/6	
Denis Hennequin	6/7		4/4
Paula Lindenberg	5/7		
Patricia Capel	6/7		

BOARD EVALUATION

Each year, the Board assesses its performance, including with respect to its composition, diversity and how effectively its members work together, with the aim of helping to improve the effectiveness of the functioning of both the Board and the Committees.

In 2023, the Board invited an independent third-party to facilitate the Board’s evaluation. This evaluation consisted of individual interviews with the executive Director and most of the non-executive Directors followed by an open discussion during a meeting of the Board led by the Chairman of the Board and covered both the outcome of the evaluation and proposed actions to enhance the effectiveness of the Board.

The evaluation included topics such as the composition and expertise of the Board and its Committees, size of the Board, strategy, risks, succession planning, access to information, frequency and quality of the meetings, quality and timeliness of the meeting materials and interactions with the company’s stakeholders.

The outcomes of the Board evaluation were generally positive and reflected an improvement over the 2021 and 2022 Board self-assessments. The Board is well-managed, properly fulfilling its duties and responsibilities, and follows the appropriate processes to ensure that the Board is providing the right level of oversight over the company. The Board was also positive about the performance of the executive Director and more generally, its relationship with the company's senior management.

The responses provided formed the basis for the discussion within the entire Board on how to further leverage the expertise and knowledge on different topics within the Board, as well as what topics should receive additional attention in the future.

The Board concluded that it would continue to focus on continuously improving Board governance on the identified topics.

BOARD FOCUS

In 2023, we continued to witness inflation, supply chain disruptions and geopolitical tensions. Consequently, our top priorities included pricing for inflation and supply chain strategies and resilience in the context of a turbulent geopolitical environment.

Other key topics included, amongst others:

- Strategy and sustainable long-term value creation: the Board discussed and advised the management on the company's Annual Operating Plan which is dedicated towards long-term sustainable growth and profitability through the company's strategic priorities to be more global, more digital and more sustainable and investments in people, sustainability, brands, appliances and innovation.
- Business performance: Each quarter, the Board was updated in detail on the company’s business performance including on key financial KPIs and factors impacting performance, both on a global level and at segment level. In this context, we discussed the pricing strategy, the effects of inflation on our portfolio performance, and the importance of talent while navigating through supply chain disruption challenges.
- Financial reporting and governance: the Board reviewed the company's annual report, the annual and interim financial statements, the related reports from our external auditor, as well as the accompanying press releases. The Board approved the dividends to be paid to the company’s shareholders in 2023. Furthermore, upon recommendations from the Audit and the Remuneration, Selection and Appointment Committees (as applicable), the Board reviewed and approved a number of key policies, including the company’s Diversity, Equity and Inclusion Policy and the Board Profile. Furthermore, the Board approved the Remuneration Policy which will be presented for vote at the AGM in May.
- Sustainability: the Board had two dedicated sustainability updates, as part of which we reviewed the company's progress on the sustainability commitments and the strategic initiatives for 2023, as well as a debrief of investor feedback on our progress on sustainability commitments from the capital markets day. The Board recognises the company's extraordinary efforts in driving its sustainability agenda and resulting progress on ESG improvements (for example, the company's unique carbon accounting tool to measure CO_2 emissions per cup) with strongly improved ESG ratings.
- M&A and other projects: The Board discussed and reviewed the company's M&A opportunities, including the acquisition of Maratá’s coffee and tea business in Brazil, Caribou transaction and other partnerships as well as restructuring projects including the combination of the Out-of-Home and CPG Europe segments.

CONTINUOUS ENGAGEMENT WITH STAKEHOLDERS

In performing its duties, the Board acts in accordance with the interests of the company and the business connected with it, taking into consideration the interests of the company’s stakeholders. Accordingly, having continuous interactions with the company's stakeholders is of utmost importance to us.

The Chair of the Board is in regular close contact with the CEO, as is the Chair of the Audit Committee with the CFO and the Chair of the Remuneration, Selection and Appointment Committee with the CHRO.

Furthermore, the Board regularly interacts with the members of the Executive Committee, who are invited to be present at Board meetings on specific topics. We also interact with the company's employees by regularly receiving information on relevant topics from senior leaders and experts in the company during committee meetings, full Board meetings, as part of ongoing induction programmes or other occasions such as factory visits.

INDEPENDENCE

We believe it is important to strive for a well-balanced Board composition that incorporates the right experience, competencies and capabilities, and is equipped with a strategic vision that will ultimately benefit the company and its stakeholders. Board composition is a critical success factor in enabling Board members to act critically with a focus on long-term value creation for the company and its stakeholders.

Without undermining the foregoing, but considering the company's shareholder structure (with JAB and Mondelez being major shareholders), seven out of thirteen of our non-executive Directors are not considered independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code. Five of these non-executive Directors (Olivier Goudet, Peter Harf, Joachim Creus, Frank Engelen and Patricia Capel) are representatives of JAB, whereas the remaining two (Laura Stein and Jeroen Katgert) are representatives of Mondelez.

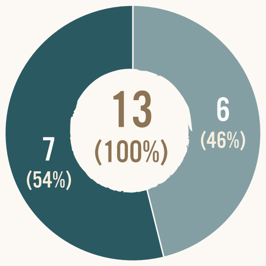
However, the majority of both Board Committees are considered independent within the meaning of the Dutch Corporate Governance Code.

We are of the view that the experience of our non-independent Directors in the global food and beverage industry and the strategic vision they bring, are critical to the company's success and outweigh any perceived disadvantage of non-independence.

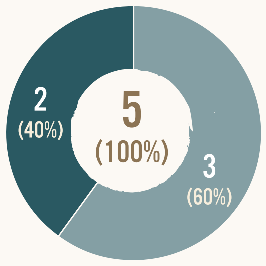
To further safeguard independence, the company appointed Luc Vandevelde to act as Lead Independent Director since the company became public. His main responsibilities include to (i) act as a sounding board and provide support in all aspects to the Chair, (ii) act as mediator in case of a dispute among members of the Board, (iii) preside over meetings of the Board and shareholders when the Chair is not present, (iv) serve as a liaison between the independent non-executive Directors and the Chair and the CEO, (v) provide feedback to the Board on the independent non-executive Directors' collective views on the management, leadership and effectiveness of the Board, (vi) facilitate effective communication and interaction between the Board and management, (vii) develop recommendations for the governance setup, including committee structure, Board and committee composition and rotations, (viii) ensure effective communications with shareholders and other stakeholders, attending meetings where necessary, in order to understand their issues and concerns; and (ix) be available to shareholders should they wish to share views with the Board, other than through the Chair or the CEO.

In light of the above, the Board is satisfied that the necessary measures have been taken to protect the Board's independence, and we remain committed to making further progress on our independence as the company's free float increases.

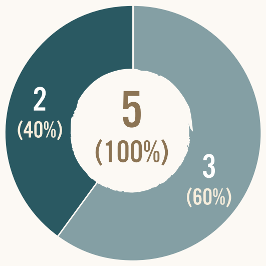
NON-EXECUTIVE DIRECTORS



AUDIT COMMITTEE



REMUNERATION, SELECTION AND APPOINTMENT COMMITTEE



Independent   Not-independent

BOARD COMMITTEES

AUDIT COMMITTEE

At 31 December 2023, Stuart MacFarlane (Chair), Luc Vandevelde, Jeroen Katgert, Ana García Fau and Frank Engelen were the members of the Audit Committee. The majority of the Audit Committee members are independent in accordance with best practice principle 2.3.4 of the Dutch Corporate Governance Code: Stuart MacFarlane, Ana García Fau and Luc Vandevelde are independent within the meaning of the Dutch Corporate Governance Code, whereas Frank Engelen and Jeroen Katgert are representatives of JAB and Mondelez, respectively. The members of the Audit Committee as a whole have the relevant experience and competencies relating to financial matters, all of them have the required competency in accounting and auditing of financial statements, and are therefore Audit Committee Financial Experts within the meaning of best practice principle 2.1.4 of the Dutch Corporate Governance Code.

The Audit Committee held four regular meetings in 2023, and two additional meetings dedicated to the company's full-year and semi-annual financial results. Throughout the year, the Audit Committee's Chair also had several private interactions and sessions with the company's CFO, Group Controller, Group Internal Auditor, and the company's external independent auditor. The attendance rate of the Committee members was 100%.

In 2023, the Chair of the Board participated in all meetings of the Audit Committee, as did most of the other Board members. In addition, the company's CEO, CFO, Chief Legal and Corporate Affairs Officer and Company Secretary, as well as the company's senior management responsible for group control and internal audit and representatives of the company's external auditor, attended all Audit Committee's meetings.

The Audit Committee's Chair shared the highlights of each Audit Committee meeting with the full Board at the Board meetings, together with the Committee's recommendations on the topics to be approved by the Board. All Board members had access to all meeting materials (including the minutes of the Audit Committee meetings).

Throughout the year, the Audit Committee:
- Closely monitored the company's business performance. In this respect, the company's CFO provided updates on the company's financials at each Committee's meeting. The Audit Committee also reviewed the company's 2023 half-year results prior to publication, together with the associated financial statements and press release.
- Discussed the company's internal control systems, (including IT control procedures), ESG-related disclosures, accounting impact of combining the Out of Home and CPG Europe segments as well as the LARMEA goodwill impairment, the company's capital structure and debt management and coffee & tea sourcing.

- Was provided with in-depth updates on matters such as internal audit, compliance, whistleblower alert line reports, litigation, tax, treasury and hedging strategies including in relation to the procurement of green coffee.
- Was presented with the update on the Enterprise Risk Management, including the management's assessment of IT security and cyber risks, supply chain business continuity risks and sustainability related risks, such as climate and nature, biodiversity and deforestation and human rights due diligence, as well as inflation and geo-political risks.
- Reviewed and endorsed the proposed yearly Internal Audit Plan, assessed the functioning of the Internal Audit function considering the external valuation of the internal audit function done by an independent third party, and concluded that the Committee is satisfied with its effectiveness.
- Discussed with the company's independent external auditor the company's audit plan, management letter, audit report, including its scope and materiality, as well as condensed consolidated interim and year-end consolidated financial statements for 2023. Together with the external auditor, the Audit Committee reviewed the key audit matters identified by the external auditor, financial reporting procedures and internal controls.

In 2023, we also deep-dived into a selection of specific topics, including the company's compliance with applicable international sanctions adopted against Russia, the current status of the company's cyber security and related mitigation plans, and the company's preparation for the reporting under the upcoming EU Corporate Sustainability Reporting Directive (EU CSRD) .

REMUNERATION, SELECTION AND APPOINTMENT COMMITTEE

At 31 December 2023, Aileen Richards (Chair), Luc Vandevelde, Peter Harf, Denis Hennequin and Laura Stein were the members of the Remuneration, Selection and Appointment Committee. The majority of the Committee members are independent in accordance with best practice principle 2.3.4 of the Dutch Corporate Governance Code: Aileen Richards, Denis Hennequin and Luc Vandevelde are independent within the meaning of the Dutch Corporate Governance Code, whereas Peter Harf and Laura Stein are representatives of JAB and Mondelez, respectively.

We held four regular meetings of the Remuneration, Selection and Appointment Committee in 2023. The attendance rate of the Committee members was 100%.

The Chair of the Board and the company's Chief Human Resources Officer participated in all the meetings of the Remuneration, Selection and Appointment Committee. The Committee's Chair shared the highlights of each Committee meeting with the full Board and presented the Committee's recommendations on the topics to be approved by the Board.

Throughout the year, the Remuneration, Selection and Appointment Committee:

- Approved bonus targets for 2023 and the bonus pay-out related to 2022 as well as changes to the company's share-based plans.
- Discussed and reviewed the performance of the Executive Committee members.
- Received updates on the outcomes of the company's leadership talent review and succession planning as well as updates on initiatives to further strengthen the company's diversity, equity and inclusion programme (including on the company's pay equity).
- Reviewed and recommended to the Board to approve the proposed company's Diversity, Equity and Inclusion Policy, the proposed changes to the Board Profile as well as the Directors' Remuneration Policy (the latter being subject to the approval at the AGM).
- Reviewed the Board's reappointment schedule, and recommended to the Board to approve the reappointment of Aileen Richards, Stuart MacFarlane and Denis Hennequin for a second term of four years at the upcoming AGM in 2024.
- Together with management, reflected on the company's employee engagement survey result.
- Recommended to the Board to approve the grants to the company's Directors under the company's Long-Term Incentive Plan in accordance with the Directors' Remuneration Policy, which was subsequently approved by the Board.
- Reflected on the AGM advisory vote and investor feedback on the 2022 Remuneration Report including the progress made since the prior year's report.
- Undertook its periodic review of remuneration of the executive Director in accordance with the company's Directors' Remuneration Policy, and recommended to the Board appropriate remuneration adjustments, which were subsequently approved by the Board and are disclosed in the Remuneration Report.

Overview of the Board committee members

	Audit Committee	Remuneration, Selection and Appointment Committee
Olivier Goudet		
Aileen Richards		Chair
Stuart McFarlane	Chair	
Peter Harf		Member
Joachim Creus		
Frank Engelen	Member	
Luc Vandevelde	Member	Member
Jeroen Katgert	Member	
Laura Stein		Member
Ana García Fau	Member	
Denis Hennequin		Member
Paula Lindenberg		
Patricia Capel		

ACKNOWLEDGEMENT

We would like to thank all our employees as well as the Executive Committee for their resilience, dedication and hard work during these unprecedented times.

Non-executive Directors of JDE Peet's N.V.

Olivier Goudet	Peter Harf
Joachim Creus	Denis Hennequin
Ana García Fau	Stuart MacFarlane
Jeroen Katgert	Aileen Richards
Paula Lindenberg	Patricia Capel
Luc Vandevelde	Laura Stein
Frank Engelen	

OUR EXECUTIVE COMMITTEE

FABIEN SIMON
French

Chief Executive Officer

KHALED RABBANI
Dutch

Chief Legal & Corporate Affairs Officer

EVERT MEINDERTSMA
Dutch

Chief Supply Officer

LARA BRANS
Dutch

President APAC

SCOTT GRAY
American

Chief Financial Officer

JOHAN VAN GOSSUM
Belgian

Chief Human Resources Officer

ERIC LAUTERBACH
American

President of Peet's

TATIANA EFREMOVA
Russian

President LARMEA

FIONA HUGHES
Australian

Chief Marketing Officer

CAROLYN ADAMS
British

Chief Research and Development Officer

JUAN AMAT
Spanish

President Europe

BRAND HIGHLIGHT

SERVES EVERYONE MORE HAPPINESS

#1
pod brand in the UK and Germany

#2
pod brand in France

Tassimo was born in 2004 in Western Europe and is the result of what happens when great brewers and great drinks come together to serve everyone more happiness.

With the unique and patented Intellibrew™ technology, Tassimo brews all your Coffee Shop favourites perfectly, every time, at the simple touch of a button. Tassimo offers a wide variety of Barista-quality drinks: espresso, lungo, americano, milky coffees, as well as chocolate and tea from the brands consumers know and love.

Tassimo is now consumed in more than 5 million households across Europe and continues to bring exciting brewer and drinks innovations to spark more happiness for consumers every day.

In 2023, Tassimo fuelled its partnership with Cadbury and Milka to bring more indulgent drinks to consumer's homes through the launch of a new Limited Edition flavour range.

Back to brands overview

TASSIMO

CORPORATE GOVERNANCE

This section contains an overview of our corporate governance structure and its functioning. It provides information on the Board's role, its functioning and duties, as well as on the company's General Meeting and its capital structure.

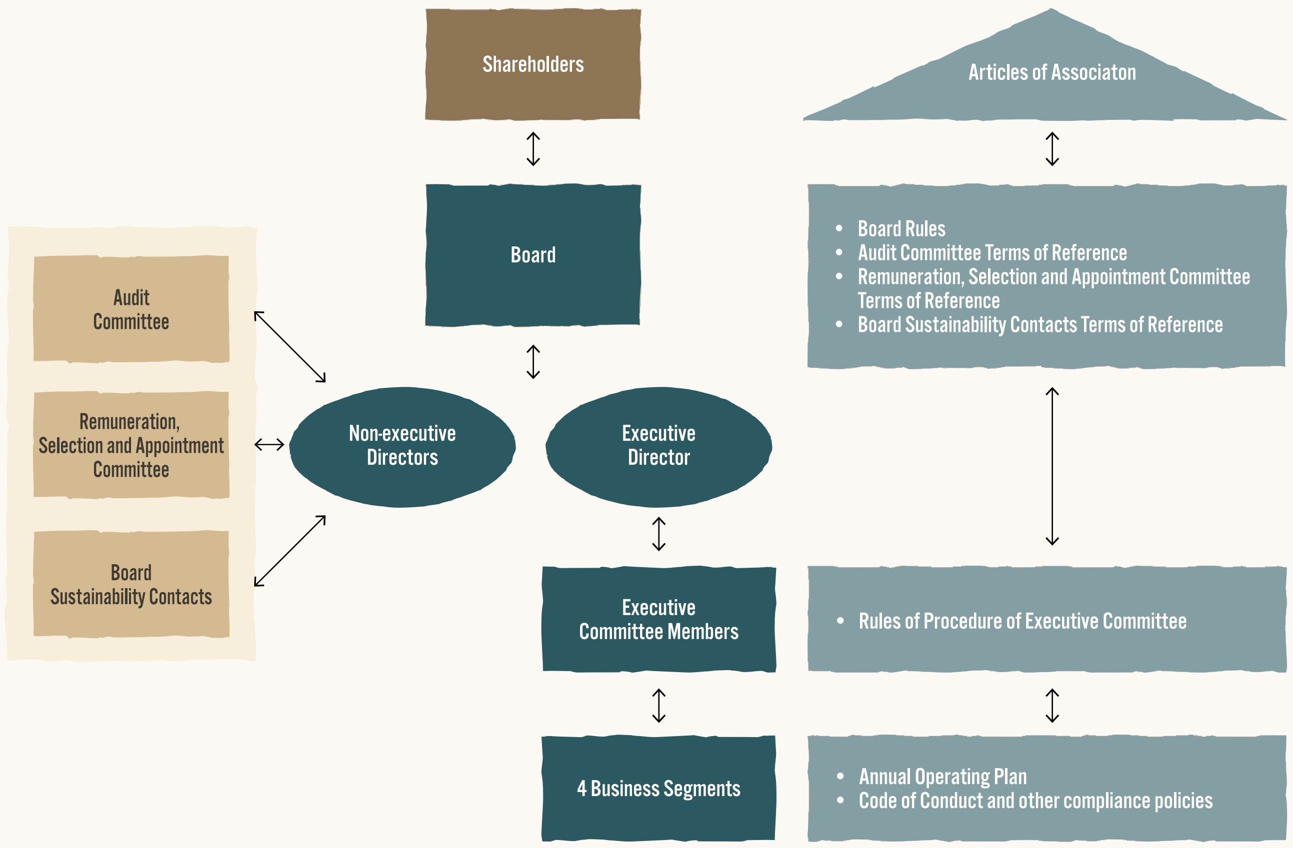
As the company is established and listed in the Netherlands, it must comply with Dutch laws and regulations and is subject to the revised Dutch Corporate Governance Code of 2022. The company assessed the revised Code and, where applicable, revised its relevant policies to comply with the 2022 Code.

GOVERNANCE STRUCTURE

The company is a public company with limited liability incorporated under the laws of the Netherlands, with its statutory seat in Amsterdam. At 31 December 2023, the Dutch law provisions, commonly referred to as the large company (*structuurvennootschap*) regime, did not apply to the company, and the company does not intend to voluntarily apply such regime.

The figure depicts the company's corporate governance structure and the most important governance policies and regulations at each level.

Governance structure



SHARES AND SHAREHOLDERS

SHARE CAPITAL STRUCTURE

The company's ordinary shares have been listed on Euronext Amsterdam since May 2020. At 31 December 2023, the issued share capital of the company comprised 487,445,857 ordinary shares. Only ordinary shares were issued.

All issued ordinary shares are fully paid up. The company did not issue any convertible securities, exchangeable securities or securities with warrants in the company.

Other than in respect of outstanding options under certain company employee share incentive schemes, the company is not party to any contract or arrangement whereby any option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any ordinary shares in the company. The company does not operate any employee share scheme where the control rights are not exercised directly by the employees as referred to in article 1 sub 1(e) of the EU Takeover Directive Decree.

The company's authorised share capital amounts to EUR 20,000,000, consisting of 2,000,000,000 shares, and is divided into 1,000,000,000 ordinary shares with a nominal value of EUR 0.01 each and 1,000,000,000 preference shares with a nominal value of EUR 0.01 each.

Each ordinary share and each preference share carries one vote. Except by virtue of the different voting rights attached to the ordinary shares and the preference shares, none of the shareholders has any voting rights different from any other shareholders. When convening a General Meeting, the record date is set at the 28th day before the date of the General Meeting.

The company’s Articles of Association contain no limitation on the transfer of the company’s ordinary shares. As regards the preference shares, Article 11.4 of the company’s Articles of Association stipulates that any transfer of such preference shares requires the prior approval of the Board. More details about the way in which measures protecting the company may be set up can be found in the Anti-takeover measures section in this chapter.

More information on the company's share capital can be found in note 5.1 of the Consolidated Financial Statements in this report.

GENERAL MEETING

The company’s shareholders exercise their rights through annual and extraordinary General Meetings. The annual General Meeting must be held annually in the Netherlands, no more than six months after the end of the company’s financial year. The company held its annual General Meeting on 25 May 2023. The relevant documents related to this General Meeting can be found on the company's website.

An extraordinary General Meeting may be convened by the Board, whenever the company's interests so require. In addition, one or more shareholders representing (individually or collectively) at least 10% of the company’s issued and outstanding share capital, may request to convene an extraordinary General Meeting in the manner provided by Dutch law. The company did not hold an extraordinary General Meeting in 2023.

Shareholders holding at least 3% of the company's issued and outstanding share capital may ask, by a motivated request, that an item be added to the agenda. Such requests must be made in writing and must either be substantiated or include a proposal for a resolution. Such requests must be received by the Chairman or the Lead Independent Director at least 60 days before the date of the General Meeting.

One or more shareholders holding (individually or collectively) at least 1% of the issued and outstanding share capital or a market value of at least EUR 250,000 may request the company to disseminate information prepared by them in connection with an agenda item for a General Meeting in the event the company performed a formal identification round of the shareholders. The company may refuse to do so, if received less than seven business days prior to the day of the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the company cannot reasonably be required to disseminate it.

Each shareholder (as well as other persons with voting rights or meeting rights) is entitled to attend the General Meeting, address the General Meeting and exercise voting rights, either in person or by proxy.

The General Meeting is chaired by the Chairman of the Board; or in his/her absence by the Lead Independent Director or in the absence of the Chair and the Lead Independent Director, by any Director elected by the Directors present. The Directors shall be present at the General Meeting, unless they are unable to attend. The external auditor of the company is also authorised to attend the General Meeting.

At the General Meeting, all resolutions must be adopted by a simple majority of the votes validly cast without a quorum being required, except for those cases in which the law or the company’s Articles of Association require a greater majority or a quorum.

Under the company's Articles of Association, resolutions of the Board on major changes in the company's identity or character are subject to the approval of the General Meeting. Such changes include:

- The transfer of all or a substantial portion of the business and/or assets of the company to a third party
- Entering into, or terminating, a long-term cooperation between the company or its subsidiary and another legal entity, if such cooperation or termination is of fundamental importance to the company
- Acquiring or disposing, by the company or its subsidiary, of a participation in the capital of a company if the value of such participation is at least one-third of the sum of the assets of the company according to its consolidated balance sheet and explanatory notes set out in the last adopted annual accounts of the company or its subsidiary.

VOTING RIGHTS

At the General Meeting, each ordinary share and each preference share carries one vote. As such, no restrictions apply to voting rights attached to shares in the capital of the company. Under Dutch law, a statutory record date of 28 days prior to the date of the General Meeting applies in order to determine whether a shareholder may attend and exercise the rights relating to the General Meeting. Shareholders may be represented by written proxy.

ANTI-TAKEOVER MEASURES

According to the Dutch Corporate Governance Code, the company is required to provide an overview of existing or potential anti-takeover measures and indicate in what circumstances these measures may be used.

In conformity with Dutch law and practice, the company authorised the Board to implement anti-takeover measures, including the possibility to grant the right to acquire the preference shares to an outside foundation, which aims to protect the interests of the company and its business by preventing anything which may affect the independence, the continuity or the identity of the company (the Protective Foundation) or would be unnecessarily or unreasonably detrimental to the interests of the stakeholders of the company. This authority is valid for a period until 2 June 2025. The Protective Foundation shall pursue its objectives, among other things, by acquiring and holding the preference shares in the company's share capital and by exercising its voting rights on such preference shares, as set out below.

At 31 December 2023, and given the present company's shareholder structure, the Protective Foundation had not been incorporated.

Once incorporated, the Protective Foundation can be granted a call option by the company. To that end, the Board has been authorised (for a period of five years from the settlement date) to grant the Protective Foundation the continuous and unconditional right to, each time, subscribe for up to a maximum number of preference shares corresponding to 100% of the issued ordinary shares outstanding immediately prior to the exercise of the call option, less one. Any preference shares already held by the Protective Foundation at the time of the exercise of the call option will be deducted from this maximum. The Protective Foundation may exercise its option right repeatedly, on each occasion up to the aforementioned maximum, in order to protect the interest of the company and its business.

RELATED-PARTY TRANSACTIONS

In the course of its ordinary business activities, the company's group of companies enters into transactions with related parties. More information can be found in note 7.2 of the Consolidated Financial Statements in this report. The related-party transactions are negotiated and executed in compliance with mandatory Dutch law and best practice principle 2.7.5. of the Dutch Corporate Governance Code and on an arm's length basis.

The company adopted a Related-Party Transaction Policy which defines a related party and a related-party transaction. The Related-Party Transaction Policy is available on the company's website. The Related-Party Transaction Policy requires each Director to notify the Chair of the Board and the Chief Legal Officer of the company of a (potential) related-party transaction in which he or she is involved. If the Chair of the Board is a related party to a (potential) transaction, the Chair shall promptly notify the Lead Independent Director and the Chief Legal Officer.

Related-party transactions are subject to review by the Board. No related-party transactions set out in the Related-Party Transaction Policy may be undertaken without the approval of the Board. This approval includes the affirmative vote of the majority of the Directors, who are independent within the meaning of the Dutch Corporate Governance Code and not considered to be conflicted with respect to the relevant related-party transaction. Any Director who has a direct or indirect personal interest in the transaction, or who is considered to be conflicted with respect to the transaction, cannot participate in the deliberations or decision-making with respect to the related-party transaction concerned. The Board may approve the related-party transaction only if it determines that it is in the interests of the company and its business.

Amendments to the company's Related-Party Transaction Policy require the approval of the Board, including the affirmative vote of at least one Director who is independent within the meaning of the Dutch Corporate Governance Code. For so long as Mondelez International Holdings Netherlands B.V. (MIHN) is entitled to designate at least one Director, the Related-Party Transaction Policy shall not be amended or terminated without the prior written consent of Mondelez.

MAJOR SHAREHOLDERS

At 31 December 2023, Acorn Holdings B.V. and MIHN were the two largest direct shareholders of the company, holding 59% and 18% respectively of the outstanding share capital of the company. At 31 December 2023, the free float represented 23% of the company's outstanding share capital. More details about major shareholders can be found in the Investor Relations section of this report.

INVESTOR RIGHTS AGREEMENT

The Investor Rights Agreement concluded on 25 May 2020 between the company, Acorn Holdings B.V. (Acorn) and MIHN sets out various topics, including the number of Directors MIHN is entitled to nominate for appointment and the arrangements for MIHN's representation on the Board's committees.

MIHN is entitled to have two non-executive Directors on the Board. If MIHN, and its group's beneficial ownership, falls below 8% but remains above 5% of the ordinary shares, MIHN will have the right to nominate only one non-executive Director to the company's Board. If MIHN, and its group's beneficial ownership, falls below 5% of the ordinary shares, then MIHN will no longer have the right to nominate a non-executive Director to the company's Board.

In addition, for so long as MIHN is entitled to have two seats on the Board, MIHN is also entitled to designate the Chair of the company's Audit Committee.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The General Meeting may pass a resolution to amend the company's Articles of Association, but only upon a proposal of the Board that has been stated in the notice of the General Meeting. Such resolution may be adopted by a simple majority of the votes validly cast, or alternatively by a majority of no less than two-thirds of the votes validly cast if less than 50% of the company's issued and outstanding capital is represented at the General Meeting.

ISSUANCE OF SHARES

Shares may be issued pursuant to a resolution of the General Meeting. The General Meeting may also delegate this authority to the Board for a maximum period of five years each time. A resolution of the General Meeting to issue shares, or to designate the Board to do so, can only be adopted at a proposal of the Board.

On 25 May 2023, the General Meeting designated the Board as a competent body to issue ordinary shares or grant rights to subscribe for ordinary shares for a period of 18 months. This authorisation is limited to a maximum of 10% of the ordinary shares issued and outstanding for general purposes with the possibility to restrict or exclude pre-emptive rights. The General Meeting also authorised the Board, with effect as of 25 May 2023, to issue ordinary shares in connection with a rights issue only, for a maximum of 40% of the issued share capital on 25 May 2023 and for a maximum term of 18 months, provided that the pre-emptive rights are fully observed in line with market practice.

In addition, on 31 May 2020, the General Meeting authorised the Board, for a period until 2 June 2025, to specifically issue ordinary shares and to grant rights to subscribe for shares for the purpose of the company's Long-Term Incentive Plan and certain other company share incentive plans. This authorisation is limited to 2% of the ordinary shares issued and outstanding on the IPO settlement date. Subsequently, on 13 September 2021, the Board further sub-delegated this authority to the Chair of the Board, the Chair of the Audit Committee and the Lead Independent Director, on behalf of the whole Board and within the limits of designation by the General Meeting set out above, and only in respect of the company's share incentive plans.

The General Meeting also authorised the Board, for a period until 2 June 2025, to grant the preference shares to the Protective Foundation as described in more detail in the Anti-takeover measures section in this report.

PRE-EMPTIVE RIGHTS

Upon the issuance of ordinary shares, holders of the company's ordinary shares have pre-emptive rights to subscribe for ordinary shares in proportion to a total amount of the ordinary shares they hold. An exception to these pre-emptive rights is the issuance of shares against a contribution in kind. Furthermore, under Dutch law, this pre-emptive right does not apply to the ordinary shares issued to the employees of the company or a group company thereof. No pre-emptive rights exist for holders of ordinary shares upon the issuance of preference shares. Similarly, holders of preference shares do not have a pre-emptive right in respect of ordinary shares.

The General Meeting may resolve to restrict or exclude the pre-emptive rights pursuant to a resolution of the Board. In the event of the issuance of shares pursuant to a resolution of the Board, the General Meeting may designate the Board as a competent body to do so, subject to the due observance of the company's Articles of Association. Such resolution of the General Meeting can only be adopted at the proposal of the Board and requires a majority of at least two-thirds of the votes validly cast if less than 50% of the issued share capital is represented at the General Meeting.

On 25 May 2023, the General Meeting delegated to the Board the authority to restrict or exclude the pre-emptive rights of shareholders in relation to a maximum of 10% of the ordinary shares issued and outstanding as of 25 May 2023 for general purposes as described in more detail in the Issuance of shares section in this report. This authority of the Board expires after a period of 18 months.

PURCHASE OF OWN SHARES

Subject to the relevant provisions of Dutch law and the company's Articles of Association, the company may acquire its own fully paid-up shares, or depository receipts for shares for consideration, if: (i) the company's equity, less the payment required to make the purchase, does not fall below the sum of called-up and paid-up share capital and any statutory reserves as appearing from the last adopted annual accounts;

(ii) the aggregate nominal value of the shares which the company and its subsidiaries hold does not exceed 50% of the issued share capital; and (iii) the General Meeting has authorised the Board to acquire the company's own shares, the authorisation of which is valid for a maximum period of 18 months.

On 25 May 2023, the General Meeting authorised the Board for a period of 18 months to acquire the company's own ordinary shares, up to a maximum of 10% of the aggregate number of ordinary shares issued as of 25 May 2023, provided that the company will hold no more ordinary shares in stock than 50% of its issued share capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the ordinary shares and not higher than the opening market price of the ordinary shares on Euronext Amsterdam on the day of the repurchase plus 10%.

The company may, without authorisation by the General Meeting, acquire its own shares for no consideration or for the purpose of transferring the shares to employees of the company or a group company thereof under share incentive plans, provided such shares are quoted on the price list of a stock exchange.

On 25 May 2023, the General Meeting approved the cancellation of 15,300,000 ordinary shares in treasury. At 31 December 2023, the company held 1,403,020 treasury shares.

No voting rights may be exercised with respect to any share held by the company or its subsidiaries, or any share for which the company or its subsidiaries holds the depositary receipts. No distributions or other payments will be made on shares which the company holds in its own share capital.

CHANGE OF CONTROL

The company is not a party to any significant agreements which will take effect, be altered or terminated upon a change of control of the company as a result of a public offer. However, the company's financing agreements and issued notes contain clauses that, as is customary for such transactions, entitle the lenders and noteholders, respectively, to claim early repayment of the amounts borrowed by the company or termination in certain events related to change of control. Furthermore, the company and/or one or more of its subsidiaries have, in the ordinary course of business, entered into various joint ventures, licensing and other agreements, which contain change of control provisions. These agreements taken individually are not in themselves considered significant agreements within the meaning of the Decree on Article 10 of the EU Takeover Directive.

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Whilst the company endorses the Dutch Corporate Governance Code (the Code), it also believes that corporate governance needs to be tailored to the company's specific situation, and therefore non-implementation of individual best practice provisions of the Code may be justified in specific situations. The Code is based on the "comply-or-explain" principle, which means that the company may decide whether it will adhere to certain sections of the Code, but if it decides not to, it must explain why.

Outlined below are the best practice principles of the Code that the company did not comply with at 31 December 2023, which is largely explained by the company's shareholder structure or because such non-compliance is inherent to the IPO. However, the company is committed to making further progress on compliance with the Code, in particular as the company's free float increases.

Best practice principles of the Code	Reasons for the deviation
Best practice provision 2.1.7 (ii): the company is not compliant with best practice provision 2.1.7(ii) that requires that more than half of the non-executive Directors be independent within the meaning of the Dutch Corporate Governance Code	Since JAB and Mondelez are two major shareholders of the company, 7 out of the 13 non-executive Directors are representatives of these shareholders. Olivier Goudet, Peter Harf, Joachim Creus, Frank Engelen and Patricia Capel are representatives of JAB, and Laura Stein and Jeroen Katgert are representatives of Mondelez. To ensure good corporate governance and independence of the Board, the company has a Lead Independent Director. The primary role of the Lead Independent Director is to serve as a liaison between the independent non-executive Directors and the Chair and the company's CEO. More details about the responsibilities of the Lead Independent Director can be found in the Report of the non-executive Directors section.
Best practice provision 2.1.7 (iii): the company is not compliant with best practice provision 2.1.7(iii) that requires that there be no more than one non-executive Director who can be considered to be affiliated with a shareholder, or group of affiliated shareholders, holding more than 10% of the shares in a company.	Through JAB, the company has a proven, long-term oriented shareholder with strategic vision. JAB's strategic vision is reflected in the company through its representatives on the Board which, the company believes, benefits both the company and its stakeholders. Similarly, the company believes that it and its stakeholders benefit from having MIHN's representatives on the Board. The company considers that the experience of the Directors in the global food and beverage industry (including within the broad portfolio of JAB consumer goods companies) is a competitive advantage which outweighs any perceived disadvantage of non-independence. Furthermore, as explained above, the company has a Lead Independent Director to preserve independence of the Board. More details about the responsibilities of the Lead Independent Director can be found in the Report of the non-executive Directors section.
Best practice provision 5.1.3 and 2.1.9: independence of the Chair of the Board: Olivier Goudet is the Chair of the Board. Mr. Goudet is not "independent" within the meaning of best practice provision 2.1.8 of Dutch Corporate Governance Code.	The company believes that Mr. Goudet's experience in the global food and beverage industry (including within the broad portfolio of JAB consumer goods companies) benefits the company and its stakeholders, and this benefit outweighs any perceived disadvantage of non-independence. In addition, in accordance with the company's Articles of Association and the Board Rules, as the Chair of the Board is not independent, the company has appointed a Lead Independent Director to ensure there is an independent counter-voice. More details about the responsibilities of the Lead Independent Director can be found in the Report of the non-executive Directors section.
Best practice provision 2.2.2: appointment periods of non-executive Directors: the initial appointment periods of the non-executive Directors are: (i) six years for Olivier Goudet, Peter Harf and Luc Vandevelde ; (ii) five years for Joachim Creus. The company is not compliant with best practice provision 2.2.2 that requires that a non-executive Director be appointed for an initial period of four years.	Following the company's IPO in 2020, the company has opted for phased board appointments in order to avoid the risk of all non-executive Directors resigning at the same time. More details can be found in the Term of appointment section. However, the initial term of all the new appointments of non-executive Directors in 2023 is in compliance with the relevant provisions of the Code.
Best practice provision 3.3.2: the company is not compliant with best practice provision 3.3.2 that requires that non-executive Directors not be awarded remuneration in the form of shares and/or rights to shares.	In accordance with the company's Directors' Remuneration Policy, the non-executive Directors have received part of their fee in the form of grants in restricted share units (the RSUs) under the company's long-term incentive plan as set out in the company's Remuneration Report. Vesting of these RSUs is not subject to any performance conditions. Given the company's geographical footprint, the company believes that paying part of the non-executive Director fee in shares promotes its interests and that of its shareholders by strengthening the company's ability to attract and retain highly competent non-executive Directors internationally, thereby supporting diversity.
Best practice provisions 3.1.2 (v) and (vi): the company is not compliant (in relation to the LTI) with best practice provision 3.1.2 (v) that requires that the variable remuneration component is linked to measurable performance criteria determined in advance and with best practice provision (vi) that requires that shares awarded to directors should be held for at least five years after they are awarded.	As disclosed in the company's Remuneration Report, the executive Director has received a grant in restricted share units (the RSUs) under the company's long-term incentive plan which vest in three years after the RSU grant, in line with market practice, subject to continuous employment. The value of the RSUs is directly linked to the future market value of JDE Peet's and therefore the company considers that the long-term incentive appropriately links the executive Director's remuneration with long-term value creation. Furthermore, the company sees no reason to require the executive Director to hold the shares for five years, since the executive Director has made a personal investment in the Executive Ownership Plan to foster a long-term commitment as explained in the Remuneration Report, and therefore already has a strong incentive to pursue the long-term interests of the company.

CORPORATE GOVERNANCE STATEMENT

The company is required to make a statement concerning corporate governance as referred to in article 2a of the decree on the content of the management report (the Decree). The information required to be included in this Corporate Governance Statement as described in articles 3, 3a and 3b of the Decree, which are incorporated and repeated here by reference, can be found in the following sections or pages of this report:

- The information concerning compliance with the Dutch Corporate Governance Code, as required by article 3 of the Decree, can be found in the Compliance with the Dutch Corporate Governance Code section
- The information concerning the company's risk management and control frameworks relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the Risk management section
- The information regarding the functioning of the company's General Meeting of Shareholders and the authority and rights of the company's shareholders, as required by article 3a sub b of the Decree, can be found in the General Meeting section
- The information regarding the composition and functioning of the company's Board and its committees, as required by article 3a sub c of the Decree, can be found in the Corporate Governance section as well as in the section Report of the non-executive Directors
- The information concerning the company's Diversity, Equity and Inclusion Policy, as required by article 3a sub d of the Decree, can be found in the Diversity subsection in the Corporate Governance section and the Connecting People section.
- The information concerning the inclusion of the information required by the Decree Article 10 EU Takeover Directive, as required by article 3b of the Decree, can be found in the relevant sections in Shares and Shareholders and Investor Relations.

BRAND HIGHLIGHT

FOR LOVERS OF COFFEE

#1
Instants brand in Australia & New Zealand

4.3 M
Moccona cups consumed daily in Australia

Since 1960, Moccona has been known as the coffee of choice for coffee lovers. Our consistent passion for quality & emotional storytelling has enabled Moccona to be the most-loved coffee brand in Australia & New Zealand.

With the purpose of reigniting the thrill of romance and sparking moments of unmistakable delight, we invite consumers to indulge in their love of coffee and life. With rich heritage and craftsmanship, we continue to deliver premium quality in every cup, and will expand into even more occasions in the future.

During the year, we continued our expansion into Greater China, Singapore, Thailand and Malaysia with our instant, pure, freeze-dried and speciality mixes range.

In 2023, the Moccona Cadbury Mocha Speciality Mixes range was voted Australian coffee ‘product of the year’™ via a consumer survey of product innovation. We launched our latest innovation in our Cadbury partnership, with our velvety smooth Vanilla Mocha blend, delighting both coffee and chocolate lovers everywhere.

Moccona. For lovers of coffee

Back to brands overview

BOARD'S ROLE, FUNCTIONING AND DUTIES

As a one-tier board, the Board is the executive and supervisory body of the company, and is therefore entrusted with the company's management. At the same time, its non-executive Directors supervise the executive Director. In doing so, the non-executive Directors focus on the effectiveness of the company's internal risk management and control systems, including the internal audit function. This extends to the integrity and quality of the financial and non-financial reporting and the company's long-term business plans, including the implementation of such plans and the associated risks, the company's information technology and cybersecurity risks, corporate social responsibility and compliance with laws and regulations.

The Board's responsibilities include, among other things, setting the company's management agenda and strategy, developing a view on the company's sustainable long-term value creation, enhancing the company's performance, and identifying, analysing and managing the risks associated with the company's strategy and activities including environmental, social and governance issues (ESG), which includes climate-related risks and opportunities.

The Board is accountable for these matters to the General Meeting. It may perform all acts necessary or useful for achieving the company's corporate purposes, except those expressly attributed to the General Meeting as a matter of Dutch law or pursuant to the company's Articles of Association.

The Board meets at least four times a year. Additional meetings may be convened when deemed appropriate by the Chairman or if requested by at least three Directors.

More information about the responsibilities and functioning of the Board can be found in the Board Rules.

COMPOSITION OF THE BOARD

Pursuant to the company's Articles of Association, the Board comprises of one or more executive Directors and one or more non-executive Directors. The non-executive Directors determine the total number of Directors including the number of executive Directors on the one hand and non-executive Directors on the other hand. The Board is presided over by the Chairman, a title that is only granted to a non-executive Director.

At 31 December 2023, the Board comprised of one executive Director and 13 non-executive Directors, as presented in the Our Board of Directors section in this report.

APPOINTMENT, SUSPENSION AND REMOVAL OF DIRECTORS

The General Meeting of Shareholders (the General Meeting) appoints the Directors upon the proposal of the Board. A resolution of the General Meeting to appoint a Director, other than pursuant to a proposal by the Board, requires a simple majority of the votes cast, representing at least one-third of the issued share capital.

Pursuant to the Investor Rights Agreement, MIHN is entitled to nominate a specific number of non-executive Directors for appointment. More information about MIHN's rights to nominate Directors can be found in Investor Rights Agreement in this chapter.

The General Meeting may suspend or remove a Director at any time. In addition, an executive Director may be suspended by the Board at any time. A suspension can be ended by the General Meeting. A suspension may be extended one or more times but may not last longer than three months in total. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension shall end. A resolution of the General Meeting to suspend or dismiss a Director, other than on the proposal of the Board, requires a simple majority of the votes cast, representing at least one-third of the issued share capital.

TERM OF APPOINTMENT

Executive Directors are appointed for a maximum period of four years per appointment. On 18 November 2020, Fabien Simon was appointed as executive Director for an initial period of four years, ending at the Annual General Meeting of Shareholders to be held in 2025.

Non-executive Directors are in principle also appointed for a period of four years. After the initial period, non-executive Directors may then be reappointed once for a period of four years. A non-executive Director may then be subsequently reappointed again for a period of two years, which appointment may be extended by a term of not more than two years. Following the company's IPO in 2020, the company has, however, phased out the initial appointment terms of non-executive Directors in order to avoid the risk of all non-executive Directors resigning at the same time, thereby ensuring that knowledge and experience is handed over gradually.

Director re-appointment schedule[55]

Name	Initial appointment date	End of current term
Executive Director		
Fabien Simon	18 November 2020	2025
Non-executive Directors		
Olivier Goudet	2 June 2020	2026
Peter Harf	2 June 2020	2026
Luc Vandevelde	2 June 2020	2026
Joachim Creus	2 June 2020	2025
Aileen Richards	2 June 2020	2024
Denis Hennequin	2 June 2020	2024
Stuart MacFarlane	2 June 2020	2024
Frank Engelen	18 November 2020	2025
Laura Stein	11 May 2022	2026
Ana García Fau	11 May 2022	2026
Paula Lindenberg	11 May 2022	2026
Patricia Capel	25 May 2023	2027
Jeroen Katgert	25 May 2023	2027

BOARD COMMITTEES

The Board may appoint standing and/or ad hoc committees from among its members. These committees are charged with tasks specified by the Board. At 31 December 2023, the Board had two committees of non-executive Directors to assist the Board in fulfilling its duties. These are the Audit Committee and the Remuneration, Selection and Appointment Committee. Pursuant to the Investor Rights Agreement, each Board Committee comprises at least three members and, to the extent allowed under applicable laws and regulations, MIHN is represented by one of its designees in all committees. In addition, the Board appointed the Sustainability Board Contacts to stay alert to current and emerging ESG trends and any potential risks related to sustainability and related issues to provide strategic guidance and advice to the company. However, the Sustainability Board Contacts do not form a committee as recognised under the Dutch Corporate Governance Code.

AUDIT COMMITTEE

The roles and responsibilities of the Audit Committee are set out in the Audit Committee’s terms of reference, which are available on the company’s website. According to the Audit Committee's terms of reference, its tasks include (among other things):

- The monitoring of the financial accounting and non-financial reporting process, the efficiency of the internal management system, the internal audit and risk management system
- The monitoring of the statutory audit of the annual accounts, and in particular the process of such audit
- The review and monitoring of the independence of the external auditor
- The nomination for appointment of the external auditor by the General Meeting
- The monitoring of financing and tax policy of the company.

The Audit Committee meets as often as required for a proper functioning of the Audit Committee, but at least four times a year. Additional meetings may be held whenever deemed necessary by the Chair of the Committee or by two other members of the Committee.

REMUNERATION, SELECTION AND APPOINTMENT COMMITTEE

The Remuneration, Selection and Appointment Committee is a combination of both the remuneration committee and the selection and appointment committee. It discharges all roles and responsibilities of both a typical remuneration committee and a selection and appointment committee as provided by the Dutch Corporate Governance Code. Its roles and responsibilities are further detailed in the Remuneration, Selection and Appointment Committee's terms of reference, which are available on the company’s website and include:

- The preparation of proposals to the Board on the Remuneration Policy to be adopted by the General Meeting
- The proposals on the remuneration of executive Directors to be determined by the Board
- The preparation of the selection criteria and appointment procedures for Directors, and the composition of the profile of the Board
- The proposal for Directors' appointments and reappointments.

The Remuneration, Selection and Appointment Committee also prepares annually a Remuneration Report on the implementation of the company’s Remuneration Policy. The report is adopted by the Board and submitted to the company’s General Meeting.

The Remuneration, Selection and Appointment Committee meets as often as required for its proper functioning, but at least twice a year. Additional meetings may be held whenever deemed necessary by the Chair of the Committee or by two other members of the Committee.

SUSTAINABILITY GOVERNANCE

The Board regularly, but at least two times per year:

- Oversees the implementation of the sustainability agenda and policies including climate change
- Reviews the progress on ESG-related matters, including climate-related issues as well as responsible sourcing, packaging, water, waste, health and safety, and diversity, equity and inclusion
- Monitors the progress of our Common Grounds Sustainability programme, goals and targets.

To place even greater focus on ESG, the Board has appointed two Sustainability Board Contacts. These appointees provide an oversight of ESG-related matters and advise the Executive Committee and company's senior management. Their detailed roles and responsibilities can be found in the Sustainability Board Contact's terms of reference, which are available on the company's website.

[55] The Board will propose to the shareholders to appoint Aileen Richards, Stuart MacFarlane and Denis Hennequin as a non-executive Directors for a second term of four years at the upcoming AGM in 2024.

Responsibility for the company's Common Grounds sustainability agenda and programme lies with the CEO and the individual members of the Executive Committee responsible for specific business areas. Specifically, each member of the Executive Committee owns respective ESG targets that build our Common Grounds programme and are accountable for achieving these targets.

Led by the Vice President Sustainability, the Sustainability team subsequently works with a cross-functional leadership group composed of subject-matter experts from across the company, including areas such as procurement, manufacturing, research and development, marketing, human resources, and compliance to execute and measure the company's sustainability and climate change programmes.

Throughout the year, the company held Quarterly Programme Review sessions, during which ESG subject-matter experts reported on the performance of KPIs related to the Common Grounds programme and its key pillars to the Vice President Sustainability. The company's CEO takes part in these sessions at least once a year.

More information on the Common Grounds programme can be found in the Common Grounds section earlier in this report and on our website in the Sustainability section.

CONFLICTS OF INTEREST

The company's Articles of Association and Board Rules prescribe how to deal with (potential) conflicts of interest between the company and a Director. A Director having a conflict of interest or an interest which may have the appearance of a conflict of interest must declare the nature and extent of the interest to the other Directors. Subsequently, the Director shall not participate in discussions or decision-making on a subject or transaction in relation to which the Director has a direct or indirect personal interest that conflicts with the interests of the company.

Decisions to enter into transactions in which there are conflicts of interest with Directors that are of material significance to the company and/or to the relevant Directors, require a Board resolution taken with the consent of the majority of the non-executive Directors (excluding any non-executive Director with a conflict of interest). Any such decisions shall be reported in the annual report for the relevant year, including a reference to the conflict of interest and a declaration that the relevant best practice principles of the Dutch Corporate Governance Code have been complied with. Each financial year, the company requests the Directors to complete an extensive questionnaire which includes the disclosure of (potential) conflicts of interest. No conflicts of interest were reported in 2023. Reference is made to note 7.2 Related Parties of the Consolidated Financial Statements.

EXECUTIVE COMMITTEE

ROLES AND DUTIES

The company is managed by the Chief Executive Officer (CEO) who is supported by the Executive Committee, consisting of senior managers of the company. In addition to the CEO, at 31 December 2023, the Executive Committee consisted of 10 other members, namely: the company's CFO, the four segment Presidents, the Chief Marketing Officer, the Chief Research & Development Officer, the Chief Human Resources Officer, the Chief Supply Officer and the Chief Legal and Corporate Affairs Officer (who also acts as the Company Secretary).

The CEO is entrusted with the (day-to-day) management of the company. The Executive Committee assists the CEO in the fulfilment of his duties and is put in place to enable faster strategic alignment and operational execution by increasing the company's focus on the development of its business, innovation, ESG and people. Accordingly, the responsibilities of the Executive Committee involve supporting the CEO on various matters, including the implementation of the company's general strategies and risks, its business agenda as well as its operational and financial objectives. The Rules of Procedure of Senior Management are available on the company's website and describe in detail the tasks, composition and other relevant procedures of the Executive Committee.

The CEO allocates the tasks of the Executive Committee among its members, after consultation with the Board. The Executive Committee reports to the CEO. The CEO is the first contact within the Executive Committee for the Chair of the Board and the Board, therefore any communication between the Executive Committee and non-executive Directors occurs first through the CEO. For financial topics, the company's CFO may interact directly with the Chair and other members of the Audit Committee. The company's Chief Human Resources Officer may also interact with the Chair and other members of the Remuneration, Selection and Appointment Committee. Members of the Executive Committee are, from time to time, invited to attend meetings of the Board, at the discretion of the Board. Furthermore, the Executive Committee and the Board also meet and interact during informal occasions.

More information on the Executive Committee can be found in Our Executive Committee earlier in this section.

DIVERSITY

As well as striving for an inclusive culture across the organisation, the company also recognises the benefits of having a diverse Board and Executive Committee.

In the selection of members of the Board and the Executive Committee, the company strives for a diverse composition and a balance between expertise, experience, competencies, other personal qualities, gender, age, nationality and cultural background, as well as an appropriate combination of international knowledge and experience encompassing financial, legal, economic, commercial, risk management, sustainability, social, marketing and technology aspects relevant to the company's business and footprint.

In 2023, the company expanded its diversity, equity and inclusion Policy to apply throughout the company, and amended its Board profile to include additional desired expertises for its non-executive Directors. The full text of the diversity, equity and inclusion Policy and the Board profile are available on the company's website.

The company shall ensure that the composition of the Board is in accordance with the company's diversity, equity and inclusion Policy and the Board Profile. More specifically, the company shall, among other topics, ensure that at least one-third of the non-executive Directors are women and at least one-third of the non-executive Directors are men (in each case, rounded-up).

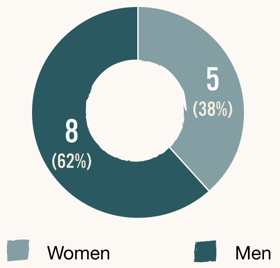
The Board annually assesses the size and composition of the Board. As part of the procedures for appointing new Directors, the Directors are invited to give their input on identifying potential candidates. Members of the Remuneration, Selection and Appointment Committee propose suitable candidates for consideration by the Board, taking into account diversity in background, gender, geographical and industry experience, skills and other distinctions between Directors. The Board is satisfied that its current composition reflects the appropriate mix of diversity, experience, independence, knowledge and skills.

The company also attaches great value to diversity in the composition of its Executive Committee. In accordance with the company's diversity, equity and inclusion Policy, the company's objective is to ensure that at least 30% of the executive Directors on the Board (if more than one is appointed) are women and at least 30% are men, and that at least 30% of the positions in the Executive Committee are held by women and at least 30% by men. The company believes that such a diversity ambition for the Executive Committee is appropriate for a fast-moving consumer goods company and generally reflects the market trend.

In 2023, the company met its gender diversity objectives when it comes to its composition of both the Board and Executive Committee.

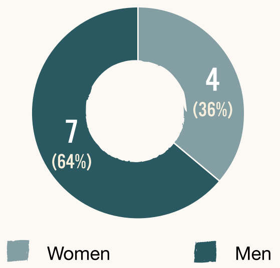
For more information on our diversity and inclusion aspirations, including for the Global Leadership team, refer to the Connecting People section of this report.

Number and percentage of women and men non-executive Directors in 2023



CHANGE VS 2022
no change

Number and percentage of women and men in the Executive Committee in 2023 (including executive Director)



CHANGE VS 2022
-1 Executive Committee position which was not refilled

Nationalities non-executive Directors	
French	
American	
British	
Belgian	
German	
Spanish	
Dutch	
Brazilian	
Total	**8**

Nationalities Executive Committee	
French	
American	
British	
Belgian	
Spanish	
Australian	
Russian	
Dutch	
Total	**8**

Board Profile of non-executive Directors

The purpose of this Board profile is to provide the company's stakeholders with an overview on the main aspects of diversity and competences that the company considers to be the most relevant for its stakeholders

Non-executive Directors	Diversity			Experience											
Name	Nationality	Year of birth	Gender	Financial experience	Legal experience	Economic experience	Commercial experience	Social experience	Marketing experience	Listed company experience	Corporate Governance	FMCG experience	Organisational experience	Sustainability	Digitisation and technology
Olivier Goudet	French	1964	M	●		●	●		●	●	●	●	●	●	
Aileen Richards	British	1959	F	●		●	●	●				●	●		
Stuart MacFarlane	British	1967	M	●		●	●		●	●		●	●		
Peter Harf	German	1946	M	●		●	●	●	●	●	●	●	●	●	●
Luc vandeVelde	Belgian	1951	M	●		●	●		●	●	●	●	●		
Joachim Creus	Belgian	1976	M	●	●	●	●			●	●	●		●	
Denis Hennequin	French	1958	M			●	●	●	●	●	●		●		
Frank Engelen	Dutch	1971	M	●	●	●	●				●	●		●	●
Laura Stein	USA	1961	F	●	●	●	●	●		●	●	●	●	●	●
Ana García Fau	Spanish	1968	F	●	●	●	●			●				●	●
Paula Lindenberg	Brazilian	1975	F			●	●	●	●	●		●	●		
Patricia Capel	Brazilian	1972	F	●		●	●	●	●	●		●	●	●	
Jeroen Katgert	Dutch	1968	M	●		●	●			●		●			

WHERE HERITAGE MEETS CRAFT

#1
White Coffee Mixes in Malaysia, Singapore and Hong Kong

200
F&B establishments with new market openings in Hong Kong and Philippines

In an era where tradition and craftsmanship can lose its place, OldTown preserves the Asian food and drink culture by making it exciting and relevant in the present day.

The recent launch of OldTown's Salted Caramel White Coffee and Smooth Roast Less Sugar Kopi reaffirms the brand's growing appeal to contemporary tastes. OldTown is the No. 1 White Coffee brand in Malaysia, Singapore and Hong Kong. It is also the fastest growing brand in value among top brands in coffee mixes in these markets.*

Since the launch of its refreshed identity last year, OldTown has been recognised with several accolades – the KANTAR Brandz Award for Best TVC in Malaysia, the FairPrice Partners Excellence Award for Most Popular Brand in Singapore, the Lazada LazMall Local Superstar Award in Malaysia, Malaysia Franchise Awards, the Halal Franchise Excellence Award and Putra Aria Brands Awards.

Back to brands overview

REMUNERATION REPORT

REMUNERATION, SELECTION AND APPOINTMENT COMMITTEE CHAIR LETTER

Dear Reader,

On behalf of the Board and the Remuneration, Selection and Appointment Committee, I am delighted to present the 2023 Remuneration Report. The Remuneration Report provides a summary of the application of the Remuneration Policy for the executive and non-executive Directors in 2023.

The focus of the Remuneration Policy is on ensuring an appropriate alignment between the remuneration of the executive Director and the successful delivery of the company's long-term strategy. With this in mind, a significant proportion of the remuneration package for the executive Director is linked to the delivery of sustainable long-term value creation for the company and its stakeholders and the Remuneration Policy is designed to support an ownership mentality.

In this letter, I draw your attention to some of the key items in the Remuneration Report.

Executive Director Remuneration in 2023

The short-term incentive for the executive Director is strongly aligned to performance, with measures being unchanged from previous years: Net Sales (net of commodity inflation/deflation), adjusted EBIT and average Operating Working Capital improvement.

Based on the company's performance during the year, the total bonus outcome for 2023 for the executive Director reflects a multiplier of 1.22x of target (61% of the maximum bonus opportunity). This reflects performance below target for Net Sales (net of commodity inflation/deflation) and above target for both adjusted EBIT and average Operating Working Capital improvement. You can read more about the company's 2023 financial performance in the Introduction to the Annual Report.

As part of its periodic review of remuneration, the Committee also made adjustments to the annual base fee and short-term incentive opportunity for the executive Director. These adjustments are intended to ensure that his remuneration remains competitively positioned, whilst maintaining the majority of the package being variable and long-term in line with our pay-for performance philosophy.

Updated Remuneration Policy Approval 2024

In line with the requirements of the Dutch Civil Code, which require that the Remuneration Policy is put to the vote at least every four years, the Policy will be presented for a shareholder vote at the AGM to be held on 30 May 2024.

During 2023, the Committee has assessed the 2020 Directors' Remuneration Policy and considers that overall it remains fit for purpose and continues to support the company in attracting, retaining, engaging and motivating Directors of the required calibre. The Committee is therefore not proposing changes to the overall philosophy of the Remuneration Policy. The Committee has, however, taken this opportunity to propose certain updates in order to further enhance alignment between remuneration arrangements and sustainable long-term value creation, also taking into account relevant shareholder expectations.

You can expect to find detailed information on the proposed Remuneration Policy updates in the Convocation Notice and Explanatory Notes of the 2024 AGM.

Looking ahead to 2024

We are monitoring the developments in the market and will ensure that the Policy continues to align remuneration with the creation of sustainable long-term value for JDE Peet's, our shareholders and all other stakeholders.

Next steps

I trust that you will find the Remuneration Report clear in explaining the implementation of the Remuneration Policy during 2023. We understand the desire and need of shareholders for transparency around remuneration and have made strides to make this Remuneration Report transparent and easier to read. I trust that we have provided the information you need to be able to support this Remuneration Report at the 2024 AGM.

I would like to thank shareholders for their continued support and I look forward to presenting this Remuneration Report at the AGM.

Sincerely,

Aileen Richards
Chair of the Remuneration, Selection & Appointment Committee

ABOUT THIS REPORT

The Remuneration Report explains how JDE Peet's' Directors' Remuneration Policy was applied during the year and contains the details of the actual remuneration of the executive and non-executive Directors in 2023.

All references in this Remuneration Report refer to the current Remuneration Policy which was applicable during 2023. This Remuneration Policy was first adopted by the General Meeting on 25 May 2020 and amended at the Extraordinary General Meeting on 18 November 2020, and is available on the company's website. In line with the requirements of the Dutch Civil Code, which require that the Policy is put to the vote at least every four years, the Remuneration Policy will be presented for a shareholder vote at the AGM to be held on 30 May 2024. The Convocation Notice and Explanatory Notes of the AGM contain more details on the proposed provisions of the Remuneration Policy from 2024.

This Remuneration Report is prepared in accordance with article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code, and is subject to an advisory vote at the AGM.

THE REMUNERATION POLICY FOR THE EXECUTIVE DIRECTOR

The objective of the Remuneration Policy is to attract, engage, incentivise and retain highly skilled and qualified executive Directors in order to achieve the company's strategic and operational objectives. It is designed to:
- Be simple, effective and transparent
- Support an ownership mentality and entrepreneurship
- Align the remuneration of the executive Director with the successful delivery of JDE Peet's' long-term strategy and sustainable long-term value creation

When designing the Remuneration Policy, the Board considered multiple perspectives including business requirements, JDE Peet's' identity, vision and values, the overall pay philosophy across the company, shareholder views, the pay-ratio between the executive Director's pay and the average employee pay, and societal context.

In formulating the Remuneration Policy and determining the remuneration of the executive Director, the Board also took into consideration scenario analyses of the possible outcomes of variable remuneration components.

The remuneration offered under the Remuneration Policy is reviewed periodically against relevant market benchmark data, considering compensation levels and trends in the market as well as international remuneration standards.

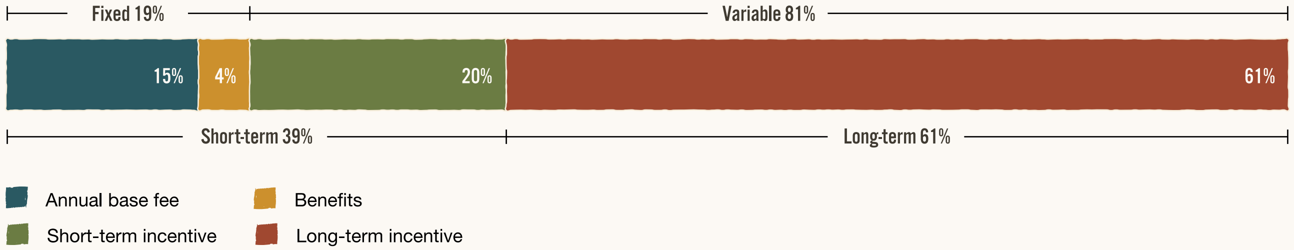
SUMMARY OF REMUNERATION POLICY AND IMPLEMENTATION

The Remuneration Policy for the executive Director is simple and transparent in design and consists of the following elements:

Policy element	Design per Remuneration Policy	Implementation in 2023
Annual base fee	• Fixed cash compensation, aligned with the scope and nature of the role, the executive Director's experience and relevant market benchmark data	• EUR 1.25 million
Short-term incentive	• Performance-related short-term incentive paid in cash subject to the achievement of annual targets	• Target of 130% of base fee • Maximum capped at 200% of the target
Long-term incentive	• Awards of Restricted Share Units (RSUs) which are settled in shares on vesting • Vesting three years from award date • Forms a substantial part of the total remuneration • Grant capped at 500% of base fee	• Grant of 400% of base fee
Retirement and other benefits	• Defined contribution plan and allowance in respect of salary above the pensionable cap • Other benefits include health, disability and life insurance, and mobility (car) allowance	• In line with typical market practice

The Board has intentionally designed a Remuneration Policy which links the majority of the executive Director's pay to the company's performance and the delivery of sustainable long-term value creation. As illustrated in the chart below, more than 80% of the executive Director's remuneration is variable, the majority of which is long-term.

Executive Director fixed vs variable remuneration at target



EXECUTIVE DIRECTOR REMUNERATION IN 2023

The remuneration of the executive Director is determined by the Board, following a recommendation from the Remuneration, Selection and Appointment Committee in accordance with the Remuneration Policy.

In 2023, the executive Director was Fabien Simon, appointed as Chief Executive Officer on 7 September 2020.

The Board considers that the company's ability to attract, engage, incentivise and retain a highly-skilled and qualified executive Director is a prerequisite in achieving the company's strategic and operational objectives. Therefore, and as part of its periodic review of remuneration, the Committee made adjustments to the annual base fee and short-term incentive opportunity of the executive Director as shown in this remuneration report. In making these adjustments, the Committee considered external market benchmark data, the performance of the executive Director and the company (including progress made on the company's sustainability strategy), the scope of responsibilities of the executive Director, as well as external and internal salary movements. These changes result in the executive Director's total package being competitively positioned, whilst maintaining the majority of his package being variable and long-term in line with the company's pay-for performance philosophy.

ANNUAL BASE FEE

The annual base fee, including holiday allowance and other local statutory requirements, provides the main fixed element of the executive Director's remuneration package. The annual base fee is set at a level to attract, engage and retain the calibre of executive Director required to devise and execute JDE Peet’s’ strategy. The annual base fee of the executive Director in 2023 was EUR 1.25 million.

SHORT-TERM INCENTIVE

The executive Director participated in the short-term incentive plan. The target short-term incentive for 2023 was 130% of the annual base fee, whereby the maximum payout opportunity continues to be capped at 200% of the target. The short-term incentive is paid out in cash.

On an annual basis, the Committee selects indicators for the short-term incentive that are derived from, or linked to, the business plan, reflecting the company’s long-term strategy. The short-term incentive payout for the executive Director for 2023 was dependent on the performance against the following pre-determined measures, which remained unchanged from previous years:

- Net Sales, net of commodity inflation/deflation
- Adjusted Earnings Before Interest & Tax (EBIT), at constant currency
- Average Operating Working Capital (OWC) improvement

The short-term incentive payout is based on a multiplicative formula, whereby for each individual measure a multiplier is calculated by the extent to which performance is achieved. The individual multipliers are then multiplied together which results in the total bonus multiplier.

Net Sales, net of commodity inflation/ deflation X Adjusted Earnings Before Interest & Tax (EBIT) X Average Operating Working Capital (OWC) improvement = **Bonus multiplier**

The total bonus multiplier can range from zero for below threshold performance to 200% of target in case of exceptional performance. The effect of the multiplicative formula is such that underperformance in one of the performance metrics will reduce the overall bonus payout even in the case of outperformance of the others. For example, if we meet the maximum Net Sales and OWC targets but fail to meet the minimum threshold target for adjusted EBIT, the overall bonus for the executive Director would reduce to zero. This is more stringent than the typical market approach to bonus where each performance measure is assessed separately, which could result in payout for one measure even in the event of underperformance of other measures.

The total bonus multiplier is then applied to the target bonus opportunity to calculate the overall bonus outcome.

Base salary x **Target bonus** x **Bonus multiplier** = **Final bonus outcome**

The Remuneration, Selection and Appointment Committee has the right to adjust the formulaic total bonus outcome for one of the following reasons:

- Quality delivery (for example quality market share, brand performance and investing for the future)
- Environmental, Social and Governance performance
- Any extraordinary circumstances

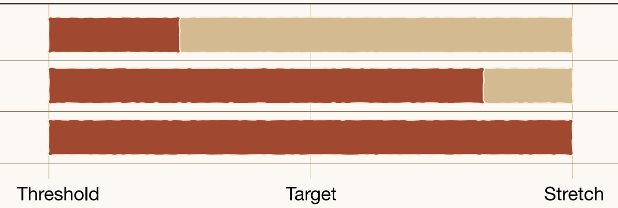
The Committee has not exercised its discretion to make any adjustments to the formulaic bonus outcome in 2023.

The Committee reviewed the actual performance of the company during 2023 against the performance targets to determine the extent to which the targets have been achieved. This resulted in the bonus outcome stated in this report.

The table below shows the bonus achievement against each performance measure. The actual performance targets for the short-term incentive plans are not disclosed since this information is considered to be commercially sensitive.

Financial year 2023

Perfromance measure	Link with business strategy	Realisation 2023 performance year	2023 bonus multiplier
Net Sales, net of commodity inflation/deflation	Revenue growth		0.86x
Adjusted Earnings Before Interest & Tax (at constant currency)	Income from operations		1.28x
Average Operating Working Capital improvement	Improvement in liquidity		1.11x



Total multiplier: 1.22x of target, calculated as follows: 0.86 x 1.28 x 1.11.

The realised performance resulted in a pay-out of EUR 1,982,500 for the executive Director.

LONG-TERM INCENTIVE

The executive Director participates in JDE Peet's' Long-Term Incentive (LTI) Plan in accordance with the Remuneration Policy. The maximum annual grant is set as a percentage of the annual base fee. For 2023, the Board decided to grant to the executive Director Restricted Share Units (RSUs) with a value equal to 400% of his annual base fee, lower than the maximum award value of 500% permitted under the Policy. The LTI grant is aimed at encouraging ownership, incentivising sustainable long-term value creation and further aligning the long-term interests of the executive Director with those of shareholders.

An overview of the number and vesting dates of the RSUs granted to the executive Director in 2023 and previous periods is included in the Total Remuneration section.

The RSUs granted to the executive Director in 2023 will vest on the third anniversary of the award, subject to continuous employment.

Additionally, to foster an entrepreneurial culture and further align his interests with those of shareholders, the executive Director participates in the Executive Ownership Plan (EOP).

Under the terms of the EOP, the executive Director is given the opportunity to invest in the company with investments matched on a 1-for-1 basis from the company, within the limits specified in the Remuneration Policy.

The Board is proud of the company's entrepreneurial culture and market-leading personal investment of the executive Director, which incentivises sustainable long-term value creation and aligns his long-term interests with those of stakeholders.

RETIREMENT AND OTHER BENEFITS

In line with the Remuneration Policy, the executive Director is eligible for retirement and other benefits.

As per the date of appointment, the executive Director participates in JDE Peet's' Dutch defined contribution plan. Annual contributions were made up to the maximum pensionable amount of EUR 128,810 in 2023 (2022: EUR 114,866) and were paid gross into the defined contribution plan. The executive Director received a cash allowance in respect of salary above the pensionable cap (with a maximum salary cap of EUR 500,000).

In addition to retirement benefits, the executive Director is entitled to a monthly mobility (car) allowance and other benefits in kind such as a health, disability and life insurance, and reimbursement for reasonable costs and expenses.

JDE Peet's previously provided a loan of EUR 2.4 million to the executive Director in 2020. The annual interest rate was set, in accordance with applicable market rates, at 3%. The loan was used to finance part of the executive Director's participation under the EOP and was set in accordance with the Remuneration Policy. No repayments of the loan were made in 2023. JDE Peet's did not provide any other loans or guarantees to the executive Director.

SERVICE AGREEMENTS AND SEVERANCE PAYMENTS

The term of appointment for any new executive Directors is four years, subject to re-appointment by the AGM. The service agreement may be terminated by the executive Director or by the company. The notice period for the company is four months and for the executive Director two months.

If the company gives notice of termination of the employment agreement of the executive Director for a reason which is not an urgent reason ('dringende reden') within the meaning of the law, or decides not to extend the service agreement upon its expiry, or if the AGM does not re-appoint him for a subsequent term, the notice period and severance payment (combined) will be limited to one year's base fee in total.

MALUS AND CLAWBACK

In 2023, no application of the use to reclaim variable remuneration by means of either a clawback or malus within the meaning of article 2:135 (8) of the Dutch Civil Code was applied on any kind of variable payments to the executive Director. The clawback clause refers to variable remuneration to be cancelled or reclaimed in case of the executive Director engaging in any activity contrary or harmful to the interests of the company.

TOTAL REMUNERATION FOR THE EXECUTIVE DIRECTOR IN 2023

Total gross remuneration of the executive Director in 2023 and 2022 is presented in the table below (all in EUR):

Executive Director	Year	Fixed remuneration	Variable remuneration		Benefits		Total remuneration	Proportion fixed - variable remuneration[56]
		Annual base fee	Short-term incentive	Long-term incentive[57]	Retirement benefits	Other benefits		
Fabien Simon	2022	1,125,000	933,750	1,572,584	97,315	231,204	3,959,853	37%-63%
	2023	1,250,000	1,982,500	2,844,032	96,349	233,844	6,406,725	25%-75%

The table below provides an overview of the long-term incentive grants and EOP at market value at 31 December 2023:

Executive Director	Grant year	Type	Share price at grant date	Units granted in 2023	Outstanding at 31 December 2023	Vesting date	Dividend 2023	Market value at 31 December 2023[58]
Fabien Simon	2020	LTI	EUR 35.70		84,034	23 September 2025		2,047,068
	2020	EOP	EUR 34.07		675,080	7 September 2025	EUR 472,556	16,444,949
	2021	LTI	EUR 27.38		109,570	23 September 2026		2,669,125
	2021	LTI	EUR 25.90		77,221	15 December 2024		1,881,104
	2022	LTI	EUR 26.03		38,425	19 January 2025		936,033
	2022	LTI	EUR 29.96		100,134	23 September 2025		2,439,264
	2022	LTI	EUR 27.72		36,076	15 December 2025		878,811
	2022	EOP [59]	EUR 27.72		72,202	15 December 2025	EUR 50,541.40	1,758,841
	2023	LTI	EUR 25.70	194,553	194,553	23 September 2026		4,739,311

[56] Proportion fixed – variable remuneration reflects the comparison between fixed (annual base fee, retirement and other benefits) and variable remuneration (short- and long-term incentive).
[57] The LTI value reflects the accounting costs in accordance with IFRS. The value of unvested LTI grants is determined on the grant date and apportioned over the vesting period. The accounting cost for 2023 reflects the 2023 allocation of the LTI grants made in the period 2020-2023.
[58] JDE Peet's share price at 31 December 2023 was EUR 24,36.
[59] The 2022 EOP investment has a three-year vesting period with an additional two-year holding period.

REMUNERATION AND COMPANY PERFORMANCE DEVELOPMENT

The overview below provides insight into the development of the executive Director's remuneration, company performance and employee pay[60].

	2023	2022	2021	2020
Executive Director Remuneration				
Executive Director - Fabien Simon	EUR 6,406,725	EUR 3,959,853	EUR 3,461,409	EUR 801,365 (EUR 2,520,361 on an annualised basis)[61]
Company Performance				
Sales	EUR 8,191 million	EUR 8,151 million	EUR 7,001 million	EUR 6,651 million
Organic Sales growth versus prior year	3.9 %	11.3 %	6.1 %	n/a
Adjusted EBIT	EUR 1,128 million	EUR 1,227 million	EUR 1,304 million	EUR 1,278 million
Organic Adjusted EBIT growth versus prior year	1.1 %	(9.3)%	1.5 %	n/a
Average annual remuneration of employees				
Average annual remuneration on FTE basis	EUR 62,781	EUR 61,914	EUR 57,705	EUR 53,832

The pay ratio for 2023 was 102.0 (2022: 64.0)[62].

[60] As JDE Peet's N.V. listed in May 2020, the company discloses the executive Director's remuneration related to years 2020-2023 rather than the five years required by the Dutch Civil Code.
[61] As the executive Director was appointed in November 2020, both the actual and annualised remuneration for 2020 has been included.
[62] For the pay ratio, the executive Director's pay reflects the actual total 2023 remuneration as shown earlier in this report. The average employee pay is calculated as the total 2023 remuneration of all JDE Peet's employees on an IFRS basis divided by the average number of JDE Peet's employees on an FTE basis. More information on the average number of FTEs can be found in note 2.3 of the Consolidated Financial Statements.

THE REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The fee structure for the non-executive Directors has been designed to ensure that the company attracts, retains and appropriately compensates a diverse and internationally experienced set of non-executive Directors.

The remuneration of the non-executive Directors is determined by the Board, in accordance with the Articles of Association, following a recommendation from the Remuneration, Selection and Appointment Committee with due observance of the Remuneration Policy. In line with the Dutch Corporate Governance Code, the remuneration of the non-executive Directors is not linked to company or individual performance.

The Remuneration Policy for non-executive Directors is simple and transparent in design and consists of the following elements:

Policy element	Design per Remuneration Policy	Implementation in 2023
Annual retainer & Committee fees - cash	• Reflects responsibilities and expected time commitment	• Board Chair: EUR 250,000 • Lead Independent Director: EUR 150,000 • Committee Chair: EUR 150,000 • Other Board members: EUR 100,000
Annual retainer - shares	• Awarded in Restricted Share Units (RSUs) • Maximum annual value is 150% of annual cash retainer fee	• 100% of the annual cash retainer for Board Chair, Lead Independent Director and Committee Chairs • 150% of the annual cash retainer for other Board members

All expenses reasonably incurred by non-executive Directors in the course of performing their duties are reimbursed at cost.

TOTAL REMUNERATION FOR NON-EXECUTIVE DIRECTORS

All non-executive Directors receive an annual cash retainer reflecting the responsibilities and expected time commitment of each role. Additional fees are therefore paid to the Board Chair, the Lead Independent Director and the Chairs of the Audit and the Remuneration, Selection and Appointment Committees. In addition, in order to encourage ownership and proprietary interest in the company all non-executive Directors receive an annual retainer in shares in the form of RSUs. The value of this share-based retainer is equal to 100% of the annual cash retainer for the Board Chair, the Lead Independent Director and the Committee Chairs and 150% of the annual cash retainer for the other Board members. The fee structure and levels have remained unchanged since first set at the time of the company's listing in 2020. In line with prior years, the RSUs granted to the non-executive Directors in 2023 vest on the fifth anniversary of grant, subject to continuous Board membership, without reference to any performance conditions.

The total remuneration for the non-executive Directors for 2023 was as follows:

In EUR

Non-executive Director	Fees in cash[63]	Fees in shares[64]	Total 2023	Total 2022
Olivier Goudet	250,000	290,535	540,535	522,781
Luc Vandevelde	150,000	78,447	228,447	197,764
Patricia Capel	100,000	19,288	119,288	40,016
Joachim Creus	100,000	78,447	178,447	147,764
Frank Engelen	100,000	66,548	166,548	139,386
Ana García Fau	100,000	29,070	129,070	67,251
Peter Harf	100,000	138,325	238,325	225,447
Denis Hennequin	100,000	78,447	178,447	147,764
Jeroen Katgert	100,000	29,070	129,070	67,251
Paula Lindenberg	100,000	29,070	129,070	67,251
Stuart MacFarlane	150,000	78,447	228,447	177,878
Aileen Richards	150,000	78,447	228,447	186,713
Laura Stein	100,000	29,070	129,070	67,251

No loans or guarantees were granted to the non-executive Directors in 2023.

[63] The fees are excluding any expenses grossed-up for taxes.
[64] The LTI value reflects the accounting costs in accordance with IFRS. The value of unvested LTI grants is determined on the grant date and apportioned over the vesting period. The accounting cost for 2023 reflects the 2023 allocation of the LTI grants made in the period 2020-2023.

The table below provides an overview of the RSU grants in 2023:

Non-executive Director	Units granted in 2023	Grant value (EUR)	Units outstanding from previous years	Total units outstanding at 31 December 2023	Market value at 31 December 2023 (EUR)[65]
Olivier Goudet	8,935	250,000	21,368	30,303	738,181
Luc Vandevelde	5,361	150,000	12,821	18,182	442,914
Patricia Capel [66]	6,742	188,630	N.A.	6,742	164,235
Joachim Creus	5,361	150,000	12,821	18,182	442,914
Frank Engelen	5,361	150,000	10,774	16,135	393,049
Peter Harf	5,361	150,000	12,821	18,182	442,914
Denis Hennequin	5,361	150,000	12,821	18,182	442,914
Stuart MacFarlane	5,361	150,000	12,821	18,182	442,914
Aileen Richards	5,361	150,000	12,821	18,182	442,914
Ana García Fau	5,361	150,000	3,224	8,585	209,131
Jeroen Katgert	5,361	150,000	3,224	8,585	209,131
Paula Lindenberg	5,361	150,000	3,224	8,585	209,131
Laura Stein	5,361	150,000	3,224	8,585	209,131

The grant date for all RSU awards to non-executive Directors in 2023 was 23 March 2023 at a share price of EUR 27.98. These awards will vest on 23 March 2028.

REFLECTION OF LAST YEAR'S ADVISORY VOTE AND CONFIRMATION OF NO DEVIATION FROM THE REMUNERATION POLICY

At the 2023 AGM, shareholders approved the Remuneration Report (advisory vote 89.40% in favour). The company has continued to take into account input from shareholders and proxy advisors to further improve the quality of the Remuneration Report. For example, this year we have further enhanced the level of transparency in relation to the short-term incentive plan outcome. In addition, the Remuneration, Selection and Appointment Committee took shareholder feedback into account in formulating the proposed Remuneration Policy which will be put to a vote at the 2024 AGM. JDE Peet's did not deviate from the Remuneration Policy in 2023 for either the executive or non-executive Directors.

[65] JDE Peet's share price at 31 December 2023 was EUR 24,36.

[66] The RSU grant of Patricia Capel includes a pro-rata part in relation to 2022 (per start of appointment).

ETHICS AND COMPLIANCE

OBSERVING THE HIGHEST STANDARDS OF ETHICS AND COMPLIANCE

As the world's leading pure-play coffee & tea company, we have high ethical standards governing the way we conduct our business, which we also apply to our suppliers and business partners. Our business practices and standards reflect our commitment to making a positive impact on our value chain. We are powered by our purpose "to unleash the possibilities of coffee & tea to create a better future", and we strive to embed our values in everything we do to pursue this purpose.

BUSINESS ETHICS AND OUR CODES OF CONDUCT

Across JDE Peet's, we strive to live up to and embody the values and principles-based culture at the core of our Codes of Conduct. Our values – discipline, simplicity, solidarity, entrepreneurship and accountability – guide us in our everyday dealings with colleagues, customers, consumers, suppliers, shareholders, the communities we serve and other stakeholders.

We expect all employees to fully live up to the company's values, to be accountable for their own behaviour and to act with integrity and respect for others at all times. Our Codes of Conduct underline our commitment to ethical behaviour and compliance with the legal requirements of the countries in which we operate and serve to foster a culture of integrity, ethics and legal compliance. We conduct a global e-learning of our Code of Conduct every two years.

Our Codes of Conduct Principles

	Our Commitments
Asking for help and voicing concerns	We can only grow and improve as an organisation if we are open and honest with one another. This is why the company encourages a speak-up culture to report any actual or suspected misconduct, be it a violation of our Codes of Conduct, policies, our values or the laws that apply to us. The company does not tolerate any form of retaliation against those who voice their concerns in good faith.
Acting honestly and ethically with each other	We believe it is important to foster a diverse, inclusive work environment where all ideas, perspectives, and backgrounds are considered. We focus on maintaining high standards for workplace safety, and hold each other accountable for our actions and behaviour. We do not sacrifice safety for the sake of productivity. We also safeguard company information.
Acting honestly and ethically with our customers and business partners	Upholding our commitment to quality and safety ensures that those who consume our products enjoy the best possible experience, while those who manufacture, market and distribute them do so with confidence. As a leader in coffee & tea, we have a responsibility to deal fairly with others.
Acting honestly and ethically with our company and owners	To maintain our market position and preserve the integrity of our corporate brand, we have a duty to act in our company's best interest at all times.
Acting honestly and ethically with our global communities	We have committed to promoting and respecting human rights throughout our organisation in accordance with internationally declared human rights, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, and adhere to applicable laws within the framework of our business activities. We also expect our suppliers to uphold these same standards in the work they do for us. We believe in giving back to our local communities through charitable donations and volunteer work, and in strengthening and uniting the areas where we live, work, and innovate.

Our compliance policies, procedures and standards are the foundation of the company's Compliance programme, and are available to employees on the company's intranet. Awareness enables our employees to behave with integrity and act confidently in any relevant situation. Our compliance programme is reinforced through compliance trainings and awareness campaigns.

The company recognises the importance of the tone at the top when it comes to ethics and compliance. As a result, the Board's Audit Committee receives a quarterly report on key compliance matters covering topics that include updates on policies, speak up reports and potential incidents relating to corruption and bribery. This enables the Board to monitor cases of actual or suspected misconduct or irregularities, and ensure that independent investigations are carried out when necessary.

An effective Compliance programme is one that, by definition, continuously adapts to changes and improves over time. For example, in 2023, we updated our Human Rights Policy and Supplier Code of Conduct and revised our Speak Up Policy.

ENCOURAGING EVERYONE TO SPEAK UP

Our company strives to foster a respectful environment where every employee feels empowered to contribute to the best of their abilities. Accordingly, and in line with our global compliance strategy, the company is committed to promoting a speak up culture. It does so by fostering an open and trusting dialogue with employees, customers, business partners, suppliers, investors and other stakeholders.

Our Speak Up Policy is available to anyone who wishes to raise a concern about suspected misconduct. This includes, for example, employees, persons working for or on behalf of the company, workers throughout our supply chain, business partners and other stakeholders such as (representatives of) affected communities or consumers. Our Speak Up Policy is translated into the languages used along our value chain, thus ensuring its accessibility to different stakeholders. In 2023, we conducted a speak up awareness campaign in the APAC region, and in 2024, we plan to conduct further targeted awareness campaigns to roll out the updated Speak Up Policy and to foster the speak up culture.

We have different channels to report suspected misconduct, including an online reporting tool (hosted by an independent service provider) and phone numbers for each country in which we operate that appear on JDE Peet's Speak Up landing page to enable our employees, suppliers and other stakeholders to easily raise their concerns. Additionally, we have a dedicated email address that can be used to report potential misconduct or to seek guidance. Reports can be submitted anonymously if allowed under applicable law.

The company handles all reports respectfully and with discretion in accordance with the requirements of its Speak Up Policy. Our Speak Up Policy further describes our investigation principles and approach on how we handle investigations into reported misconduct. Each report is followed up with a response to the reporting party and, when required, promptly investigated so that appropriate remedial action can be taken where necessary. The company does not tolerate any form of retaliation against those who voice their concerns truthfully and in good faith.
In 2023, the company received a total of 57 reports of which the majority was related to routine human resources' matters. Other issues frequently reported through our Speak Up lines in 2023 included allegations of harassment, use of inappropriate language, and alleged non-compliance with laws/policies (including alleged fraud). In 2023, the company received 15 reports of alleging discrimination, including harassment. In 2023, there were no speak up complaints which revealed any material compliance issues.

Based on the investigation outcomes of speak up reports, we ensure that appropriate mitigation measures are implemented and that we raise awareness through dedicated campaigns globally and across the regions, where necessary. In 2023, we undertook a comprehensive global campaign on moral and sexual harassment situations and other types of discrimination, including a global e-learning course “Creating a Respectful Workplace”. Similar campaigns were conducted in some of our markets.

COURSES AND TRAINING

At least twice a year, we conduct compliance e-learning courses for employees on topics such as ethical behaviour and principles, competition law, anti-bribery and corruption, data protection, and human rights. Such training courses are mandatory for all our employees with an email address and access to our Learning Management System. For those employees without email access, such as certain employees working in certain manufacturing units, we offer shared laptops or conduct in-person training sessions.

We also regularly conduct face-to-face training courses for selected target groups. These include, for example, courses on competition law for sales teams, anti-bribery and corruption for procurement teams, and data protection for marketing and human resources teams.

CONFLICTS OF INTEREST

To preserve the integrity of our brands, we expect all employees to be free from influences that conflict with the best interests of our company. Specifically, our Codes of Conduct lay out the requirement to identify, assess and manage conflicts of interest, when an employee's personal interests are in conflict with the performance of his or her duties or the interests of our customer, suppliers or other stakeholders. Furthermore, our Gifts, Entertainment and Hospitality Policy incorporates key requirements and an approval process for our employees when it comes to accepting or receiving gifts, entertainment and hospitality to prevent conflict of interest situations, and includes mandatory instructions on, for example, maintaining registers.

ANTI-BRIBERY, ANTI-CORRUPTION, TRADE SANCTIONS AND ANTI-MONEY LAUNDERING

As a company present in more than 100 countries, we are committed to conducting business in an ethically responsible manner and complying with applicable laws in all countries in which we operate. This commitment specifically includes compliance with applicable laws relating to anti-bribery and corruption, gifts, entertainment and hospitality, export and sanctions compliance and anti-money laundering, and is set out in our Anti-Bribery, Anti-Corruption, Trade Sanctions and Anti-Money Laundering Policy, which is consistent with the United Nations Convention against Corruption. Anti-Bribery, Anti-Corruption, Trade Sanctions and Anti-Money Laundering Policy is applied to all employees and is reviewed regularly. Contracts with our business partners and suppliers include relevant references including with respect to anti-bribery and corruption.

In addition, our Gifts, Entertainment and Hospitality Policy, which details the behaviour expected of our employees with regard to the giving and receiving of gifts or entertainment, and our Public Advocacy Policy regarding interactions with public authorities and officials in relation to public policy development and implementation, are important elements in our anti-bribery and corruption compliance programme.

In line with our Public Advocacy Policy, JDE Peet's interacts with government authorities and officials both directly and via trade associations related to public policy developments. JDE Peet's follows all applicable rules and regulations, and is registered on the EU Transparency Register.

The company conducts a global e-learning course on anti-bribery and anti-corruption every two years. Completion of such e-learning is mandatory for all company employees, and people managers have a responsibility to reinforce the importance of these trainings to their teams. Functions exposed to compliance risk in this area, sales, procurement and operations teams being the most exposed, receive a tailor-made training (including refreshers). Our global e-learnings cover topics such as the definition of corruption (including facilitation payments), our policies and procedures, as well as the behaviour expected of our employees with regard to the prevention, detection and reporting of any suspicion of bribery or corruption.

In 2023, the company's employees followed a global e-learning course on anti-bribery, anti-corruption and export controls, which reached a completion rate of 92%.

The Internal Audit Department conducts periodic, independent audits of the company's compliance processes to assess the effectiveness of internal controls and procedures in the prevention and detection of corruption or bribery incidents, and provides recommendations to develop action plans for strengthening such controls.

The company has a comprehensive Sanctions Compliance Framework in place, which includes specific sanction compliance toolkits, expanded third-party screening and specialised external legal advice.

As part of our third-party risk management, we have implemented a comprehensive third-party due diligence workflow-powered platform for anti-bribery and anti-corruption integrity due diligence, as well as restricted (i.e. sanctioned) third-party screening before engaging third parties. In 2023, the company continued to improve its Sanctions Compliance Framework by integrating an enhanced screening engine into our third-party risk management platform to execute heightened scrutiny of sanctions screening against all prospective third parties.[67]

No fines were issued against JDE Peet's for anti-bribery or sanctions violations and no public legal cases were initiated in this respect in 2023. Furthermore, the company made no political contributions in 2023.

FAIR COMPETITION

We are firmly committed to fair competition, including in relation to our business partners. As such, compliance with applicable competition laws is essential to the company.

Our Competition Law Compliance Policy, which is reviewed periodically, demonstrates our ongoing commitment to ensuring compliance with applicable competition laws and our Codes of Conduct. In particular, this policy explains to our employees the behaviour expected of them regarding interactions between the company and its competitors, customers and suppliers, and provides specific guidance in areas such as trade association meetings.

Essential elements of our competition law compliance programme include play books, manuals and trainings. We also regularly perform risk assessments to identify and take into account risks that may be present from a competition law perspective and measures intended to mitigate any remaining material risks. We have defined competition law controls, such as protocols to be followed during trade association meetings.[68]

No fines were issued against JDE Peet's for competition law violations in 2023.

[67] More information on the process of identifying corruption/fraud risk is described in Risk management later in this report.
[68] More information on the process of identifying fair competition risk is described in Risk management later in this report.

DATA PRIVACY

Our customers, employees and business partners entrust us with their personal data, and we place enormous importance on protecting and safeguarding this information, consistent with the various privacy laws that apply to our business.

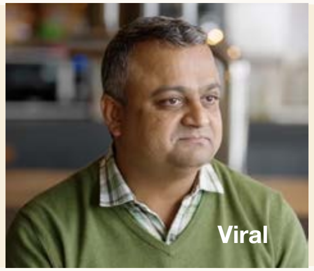
We have a set of data privacy policies in place, called Binding Corporate Rules, which consist of the Privacy Code for Employee Data and the Privacy Code for Consumer, Supplier and Business Partner Data. These policies include procedures relating to data subject access requests and data breach responses, as well as other processes and tools fostering data privacy. We have also implemented technical and organisational measures to prevent the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. In addition, our dedicated privacy and personal data protection programme, which is overseen by the company's Global Privacy Council comprising senior management, includes regular privacy audits.[69]

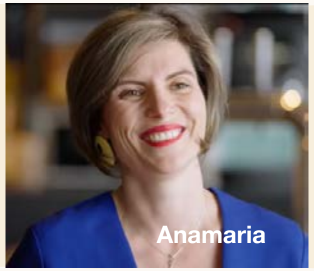
There were no material complaints or issues raised with respect to data privacy matters and no fines were issued against the company for data privacy violations in 2023.

[69] More information on the process of identifying privacy risk is described in Risk management later in this report.

WHAT DO OUR EMPLOYEES THINK ABOUT ETHICS & COMPLIANCE ?

JDE Peet's employees are committed to doing business across the world in a manner guided by our values. Our values require us to deliver results exceptionally and by prioritising Ethics & Compliance.





WHEN YOU THINK ABOUT ETHICS AND COMPLIANCE, WHAT FIRST COMES TO MIND?

Viral Sheth
Global Tea & Tisane Operations Manager

"For me, compliance is about more than the policies driven by management. It is also about the value we embed in ourselves, which ultimately makes us accountable for all of our actions."

Loris Vivien
Global Diversity, Equity and Inclusion Project Specialist

"Well, for me it is really about doing things the right way. And in a way that is open and respectful, where you are transparent, genuine and open with each other."

WHAT HAPPENS IF YOU FIND YOURSELF IN A SITUATION WHERE YOU ARE UNSURE ABOUT WHAT THE RIGHT THING TO DO IS?

Nadia Hoarau-Mwaura
Sustainability Director

"We have all been there at some point in our lives. And it is bound to happen again and again. There is no problem in asking for help, regardless of where you sit in the company. Reach out, ask for support and you will be sure to find it."

HOW DO YOU HANDLE A SITUATION WHERE SOMETHING GOES WRONG?

Will Hummel
Global Corporate Affairs Director

"Mistakes can happen. What is most important is that you acknowledge the mistake and you respond to it. As long as we stay true to our moral compass, I believe we can truly unleash the possibilities of coffee & tea to create a better and safer future."

Anamaria Loghin
Global Technical & Logistics Procurement Manager

"In a situation where something goes wrong, I think it is important that we all feel safe to talk about it and not hide it. It is important that we do not necessarily point fingers, which, I know, is always a bit hard when the frustration grows. But at that point, it is more about 'How do we fix this?' rather than 'What brought us here?'"

WHEN YOU THINK ABOUT ETHICS AND COMPLIANCE, WHAT FIRST COMES TO MIND?

Khaled Rabbani
Chief Legal & Corporate Affairs Officer

"As important as what we do, is how we do things. Our value of accountability means that we not only take ownership for our results, but also our actions. Doing things well means we always need to act with integrity regardless of where we are in the world."

RESPONSIBLE TAX

€ 219m	32.2%
Income tax payments	Effective tax rate

APPROACH TO TAX

In line with our Code of Conduct, JDE Peet's always aims to be a responsible taxpayer. We have a responsibility to contribute to society by paying the right amount of tax in the countries in which we operate, helping to drive economic and social prosperity. We believe this is a critical element of our commitment to grow in a sustainable and responsible way.

We comply with the letter and spirit of the law and take into account the medium- to long-term interests of our stakeholders. Tax should follow business and, as such, the tax function must act as a partner to the business when creating and protecting value. In doing so, Group Tax applies robust governance and seeks to minimise tax risks through proactive tax management of our business operations and transactions.

We do not engage in tax evasion and we will not undertake transactions with the sole purpose of creating a tax benefit which is contrary to the objective and purpose of relevant tax rules. The EU list of non-cooperative jurisdictions for tax purposes is monitored on an ongoing basis and considered in case of investments in jurisdictions where JDE Peet's is not yet active. Entities within JDE Peet's established in any of these jurisdictions, or in a low (<15%) or zero tax rate jurisdiction, exist for substantive and/or commercial reasons.

TAX GOVERNANCE, CONTROL AND RISK MANAGEMENT

Our Global Tax Policy outlines our tax strategy and our Guiding Tax Principles and is reviewed and approved by the Board and Audit Committee. It is reviewed annually and updated as necessary. The Board is accountable for the tax strategy and responsibility for tax risk management is delegated to the CFO and the Global Tax Director and is overseen by the Audit Committee.

The effectiveness of our tax strategy depends on the quality of its implementation, execution and monitoring. Therefore, roles and responsibilities with respect to the execution of our Global Tax Policy are addressed in our Tax Control Framework. Our risk appetite for the tax decisions we take (including those relating to optimisation opportunities) and implementing our business models, is low. Key risks regarding the execution of our Global Tax Policy have been identified and, where necessary, controls have been put in place to mitigate the relevant risks.

To minimise tax compliance risk[70], Group Tax carries out a monthly review process to ensure tax payments are correct, while quarterly confirmation by the local Finance Director ensures tax returns are filed on time, are accurate, and are in line with the Global Tax Policy. We strive to comply fully with all applicable laws and regulations and with our codes of conduct, policies, and procedures, wherever we do business. Employees and suppliers can report concerns about unethical or unlawful behaviour or about activities that compromise our tax integrity through our whistle-blower hotline. The Group Tax team maintains an adequate staff of qualified and trained tax professionals and has global responsibility for our tax positions. Proper governance and procedures are in place to ensure that Group Tax is involved in all significant business developments, investments and transactions and that tax consequences are considered as part of every major business decision. Various training initiatives in place and are being developed to enable continuous education on how to deal with tax matters, including the link between tax strategy, business strategy and sustainable development.

We continuously seek to develop and improve our tax control framework, supported by further investments in tax technology, to improve data management and thus the overall quality of direct and indirect tax compliance, control and reporting. We currently have various technology initiatives underway, within our direct as well as indirect tax disciplines, to optimise and upgrade our tax processes and we have drafted a global tax technology strategy and roadmap to track and trace data improvement projects and monitor future digital tax developments.

We are open and transparent and develop cooperative relationships with tax authorities.

TAX TRANSPARENCY

We believe that transparency in terms of both approach to tax and reporting on tax contributes to building trust in society. We firmly believe that tax transparency and reporting should not be viewed in isolation but rather as part of our overall sustainability journey. This is furthermore aligned with our general approach to reporting on financial and non-financial performance in a transparent and integrated manner.

As we progress on our sustainability journey, and seek to continuously improve our disclosures, we further define our ambition and plan in terms of transparency and reporting in the area of tax. This includes looking at data availability and quality, processes and controls, and the identification of steps required to realise our ambition.

Throughout the process of defining our ambition and plan, we closely monitor tax transparency and reporting developments of both a mandatory and non-mandatory nature across the globe. We actively consider these and, if and when appropriate, we will implement accordingly. We look at the Dutch Tax Governance Code for best practices as we define our evolving ambition. At all times, we will ensure full compliance with all laws and regulations in jurisdictions where we operate.

[70] More information on the process of identifying tax risk is described in the Risk management section of this report.

BRAND HIGHLIGHT

INSPIRING YOU TO TAKE TIME FOR YOURSELF AND OTHERS

#1
in market share in the Netherlands

#1
in awareness in the Netherlands

The rich history of Pickwick started more than 200 years ago in the Netherlands. The brand has a leading position in 8 European markets.

Pickwick is an iconic brand with a strong purpose. The brand inspires you to take time for yourself and others. Pickwick delivers uplifting moments every day for those who thrive on caring for themselves and others, because we believe that everyone can create moments every day that simply make them feel better.

In 2023, we launched several innovations within the growing herbal tea segment, such as Herbal Super Blends Relax, which is an important step in driving category value. Pickwick also continued to build and support the successful Ginger Goodness range, proudly winning a Wheel of Retail in the Netherlands for best product innovation in the hot drinks category.

We also made further progress on our commitment to achieve 100% responsibly sourced tea, and further advanced our sustainability goals by completing our transition to an industrially compostable tea bag.

Back to brands overview

RISK MANAGEMENT

OUR APPROACH

At JDE Peet's, we are committed to effective risk management to safeguard our stakeholders' interests and ensure sustainable growth. We have adopted the 'three lines of defence' model. Each actor in this model plays an important role in providing reasonable assurance that the risks to achieving our objectives are identified and mitigated. We view risk management as an ongoing and dynamic process, and are committed to learning from past experiences, adapting to emerging threats, and enhancing our risk management framework.

INTERNAL CONTROLS

Our control activities aim to provide reasonable assurance as to the accuracy of financial information, to comply with applicable laws and regulations, and to protect the company's reputation and assets.

THREE LINES OF DEFENCE MODEL

Our first line, local management, is responsible for identifying, managing and monitoring risks within their day-to-day activities. Key risk management activities in this line include the establishment of soft controls and the execution of formalised controls.

The second line consists of various central departments which are responsible for setting the Internal Control and Compliance standards within the group, as well as monitoring control testing activities and providing support on risk-related matters to the first line of defence.

Our third line of defence, internal audit, serves as an independent and objective assurance function. Using a risk-based approach, they assess the adequacy and effectiveness of the first line and second line of defence in managing risks. Internal audit conducts regular audits and desktop reviews, identifies control deficiencies, and recommends improvements to enhance our risk management processes.

ASSURANCE

Assurance is obtained from local management on compliance with our Codes of Conduct, standards and policies on a quarterly basis, through our Letter of Representation. To raise awareness around key topics, including our Codes of Conduct and Anti-Bribery and Corruption policy, we have rolled out mandatory e-learnings to the organisation on a two-year rotation schedule.

MONITORING

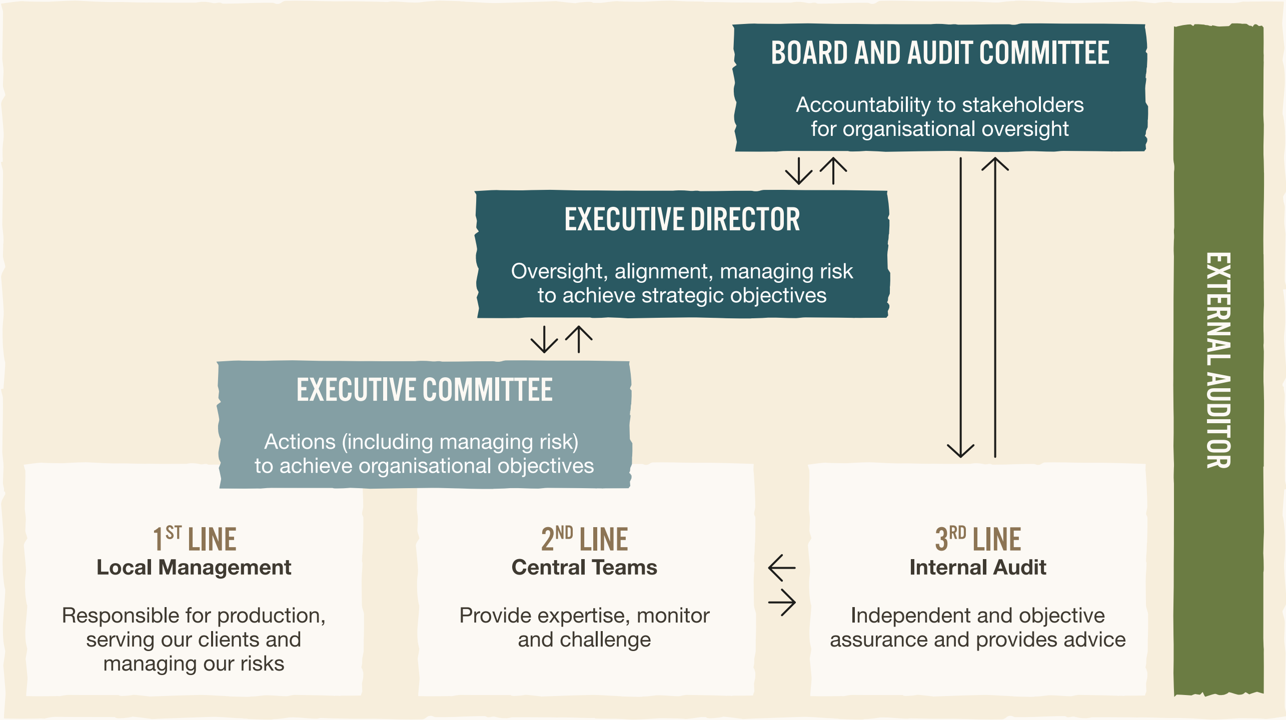
We have a comprehensive business review and planning process in place to monitor the adoption of our strategy. Business performance is assessed on both financial and non-financial metrics.

IMPROVEMENTS IN OUR INTERNAL CONTROLS FRAMEWORK

We are constantly striving to improve our Internal Risk & Control framework, and in 2023, under the guidance and oversight of our second line of defence, we took a number of steps to enhance our standardised internal controls framework and to improve awareness around the importance of internal controls.

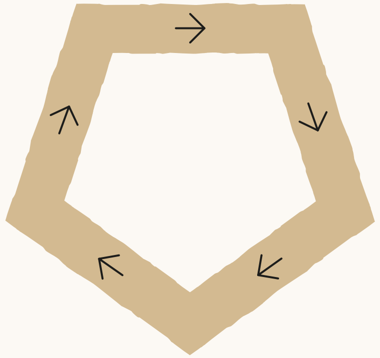
We did this by:

- Rolling out an internal controls awareness training programme towards local management
- Redesigning our IT controls framework
- Revamping out business controls framework
- Formalising controls for our Campos and JDE US business
- Strengthening our ESG-related control framework by adding new controls on our journey to implement CSRD.



RISK MANAGEMENT PROCESS

Our enterprise risk management process is outlined below.



Risk assessment is carried out continuously during the year through horizon scanning, threat development and mitigation effectiveness reviews. The full cycle is completed annually with a discussion and alignment on the company's overall risk profile in the Executive Committee, and subsequently presented to the Audit Committee and discussed by the Board.

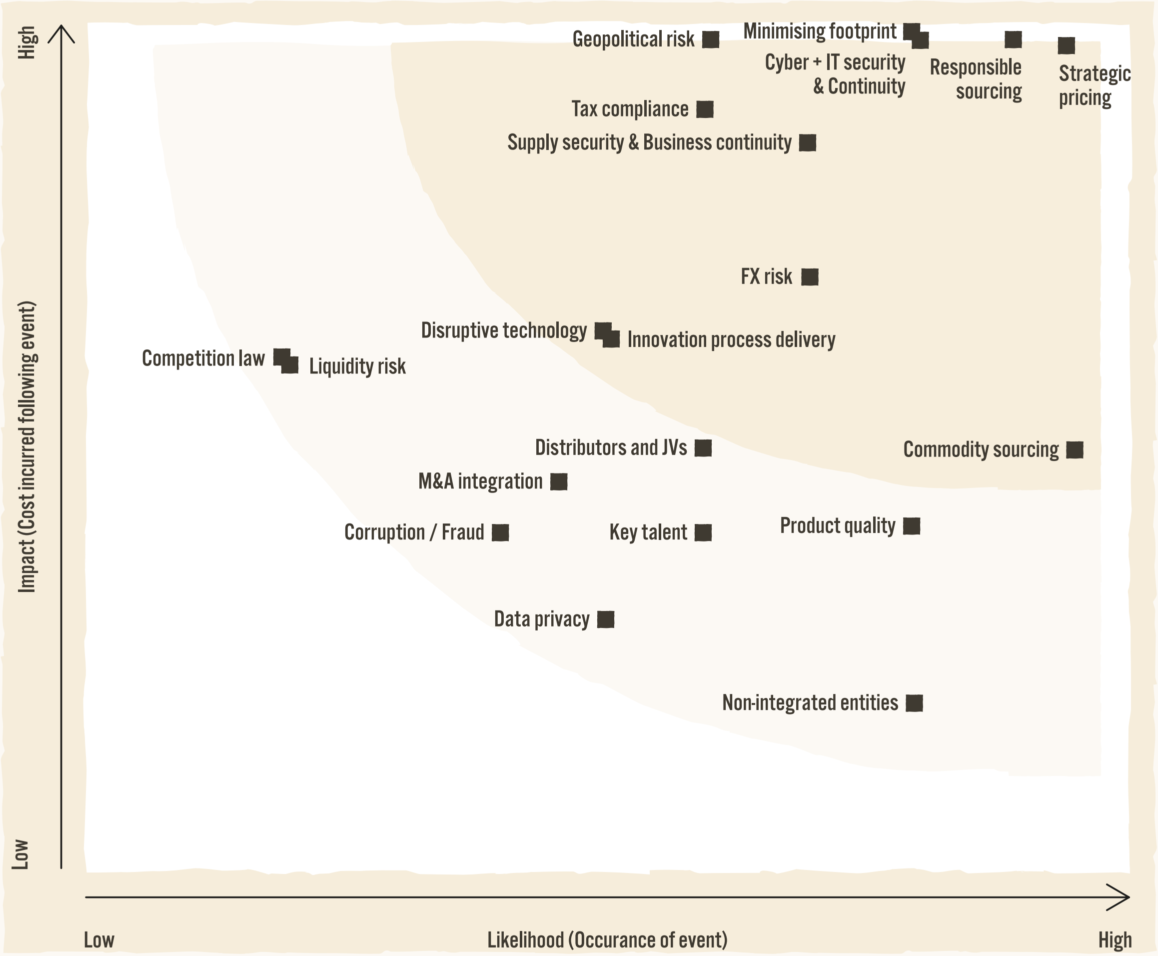
During the year, a double materiality assessment was carried out to identify which topics and related risks are most material to our company. The assessment was carried out through desktop research, surveys and interviews with key stakeholder groups using the standard risk management methodology of quantifying and qualifying the risks through assessing their likelihoods and impacts. The material topics and their related risks have been integrated in the company's overall risk profile and detailed Enterprise Risk overview.

OUR MAIN RISKS

Overall, our risk portfolio, as described in this section, did not change substantially in 2023. Sustainability-related risks are re-confirmed through the double materiality assessment and continue to score amongst the highest in our risk landscape. Geopolitical risk is captured separately due to the intensified global tensions connected to economic uncertainty and armed conflicts. In previous years, geopolitical risk was included in our supply security & business continuity risk. For all risks, we continued to work on implementing further mitigating measures to ensure our risks remain at the appetite levels we have agreed upon.

MACRO-ECONOMIC ENVIRONMENT

The world is confronted with an increasingly complex and interconnected global risk landscape. Traditional challenges, such as armed conflicts and economic instability, continued to play an important role in 2023. Additionally, they have been complemented by a series of interlinked emerging threats. Speed of climate change driving increased regulatory pressure, intensifying natural disasters and ecological crises. Cyberattacks posing a digital menace, targeting critical infrastructure and data security. Resurfacing political tensions causing reorganisation of global structures and redefinition of international trade agreements. JDE Peet's continued to closely monitor developments that impact the macro-economic environment and closely monitors the company's exposure. The heat map below provides an overview of our assessment of the company's main risks, the impact of those risks, and an evaluation of the likelihood of those risks occurring.



We define our risk appetite and actual risk level as follows:

Appetite	
Averse	Avoidance of risk and uncertainty in this area is a key objective.
Cautious	Preference for secure and immediate mitigation, ensuring likelihood of risk occurring is remote.
Prudent	Preference for longer-term mitigation to manage risk towards a limited likelihood, prudently balancing risk and reward.
Open	Willing to consider appropriate options that generate higher rewards.
Highest	Eager to be innovative and pursue opportunities that generate highest rewards despite greater inherent risk.

Actual risk level:	
Very Low	The risk is insignificant and requires minimal attention.
Low	The risk is small and can be managed through routine procedures.
Medium	The risk is significant but manageable with additional controls or mitigations.
High	The risk is severe and needs to be addressed.
Very High	The risk is extreme and needs immediate attention and action.

Strategy pillar	Risk	Risk description	Risk appetite level	Actual risk level	Mitigation actions
Serve More Cups	**Product quality**	The risk of large product quality issues leading to loss of business due to consumer dissatisfaction	**Averse**	**Low**	– Internal and external quality measurement systems – Verification and quality audits on all materials – Efficient analytical support mechanism
Serve More Cups	**Merger & acquisition (M&A) integration**	Failure to develop an accurate business case and the risk that any other risk occurs before the newly acquired business achieves JDE Peet's standards	**Cautious**	**Low**	– External deal team with no financial incentives on success – Internal accountability model, driving co-creation of the M&A business case – Mature pre-closing due diligence process and post-closing fit/gap analysis – Local and global teams are guided through the integration journey by integration governance models – Manage M&A business case delivery through synergy tracking
Serve More Cups	**Strategic pricing**	The risk that we cannot pass on price increases to our customers to offset inflation on time and in full	**Prudent**	**Very High**	– Continue to build power brands – Strong value creation narrative towards external partners – Creation of a strong sustainable innovation pipeline to guarantee attractiveness for retailers
Serve More Cups	**Innovation delivery**	The risk that JDE Peet's is not able to generate and successfully deliver the right innovations in the market	**Cautious**	**Low**	– Mature governance process and systems in place – Portfolio result analysis – Project closure evaluation – Rolling 36-month innovation plan – Anticipatory programme management
Serve More Cups	**Disruptive technology**	The risk that new business models or technologies will disrupt JDE Peet's' business model in the long-term	**Cautious**	**Low**	– Mature horizon scanning process to identify new trends on time – Dedicated teams working on strategic innovations versus adaptations or variants to existing products – NPD portfolio management per category and strategic buckets (WIN, MOVE, CREATE) – Scouting disruptive technology – start up and scale up
Serve More Cups	**Non-integrated entities**	Non-integrated entities are often locally governed and fall outside the boundaries of centrally defined mitigations, which makes them vulnerable to any of the centrally defined risks	**Cautious**	**Low**	– ERM review defined as one of the initial steps in the integration playbook – Standard fit gap analysis checklist available for JDE Peet's compliance framework – Process in place to identify and map the risks in the global ERM scope

Strategy pillar	Risk	Risk description	Risk appetite level	Actual risk level	Mitigation actions
Master Execution	**Data privacy**	The risk of serious breaches of GDPR or other privacy laws resulting in fines, damage compensation or reputational damage.	**Averse**	**Very Low**	– Mature process on privacy governance – Data processing agreements in place – Privacy audits – Record of processing activities in place – Data breach reporting procedure in place – Privacy policies in place – Periodic training
Master Execution	**Competition law**	The risk of non-compliance with antitrust laws, leading to claims, court cases, fines to be paid to either regulators, customers or other parties	**Averse**	**Low**	– Periodic compliance training for all employees, local and specific small-group trainings – Commercial play-books available for front-line employees – Anti-trust compliance policies & processes – Anti-trust audits
Master Execution	**Tax compliance**	Risk of non-compliance to our business model ways of working and changes in tax laws and regulations can lead to additional tax exposure	**Cautious**	**Medium**	– Tax controls testing – Business model Governance Board – Design, implementation and review of business/tax compliance framework – We aim for certainty on tax positions and involve third-party tax advice where needed
Master Execution	**Corruption/fraud & sanction compliance**	The risk of significant corruption, fraud or sanction non-compliance occurring	**Averse**	**Low**	– Availability of Speak Up line for both internal and external whistleblowers – Periodic trainings – Mature third-party risk management process and tooling – Internal and external audits – Sanction compliance reviews
Master Execution	**Supply security & business continuity**	The risk of significant disruption to the supply chain	**Prudent**	**High**	– Risk management system in place with review on most critical sites and suppliers – Significant preventive and impact mitigating measures in place in most of our manufacturing facilities – Identification of alternative manufacturing facilities – Balancing inventory levels between optimised working capital and potential supply disruption.

Strategy pillar	Risk	Risk description	Risk appetite level	Actual risk level	Mitigation actions
Master Execution	**Cybersecurity, IT security & continuity**	Failure to protect JDE Peet's' IT systems from intrusion (both from outside or inside) and failure to recover the main IT system after an event	**Cautious**	**Very High**	– Regular security testing, vulnerability scanning and benchmarking. – Security policy framework & security awareness training & testing – Active vulnerability management – Clearly defined incident management process – Disaster recovery testing on annual basis – Continue to enhance cybersecurity management
Master Execution	**FX**	Failure to hedge currency risk in a cost-effective way	**Prudent**	**Medium**	– Derivatives addressing foreign currency debt exposure – Active currency monitoring and risk analysis – Defined processes with transactional hedging of major currencies
Master Execution	**Liquidity**	Risk that JDE Peet's cannot meet its debt obligations	**Averse**	**Very Low**	– Active liquidity management with live liquidity models and periodic stress testing – Active cash upstreaming process to IHQ – Strong and healthy debt maturity profile on different bond markets – Maintaining cash conversion cycle through disciplined AP/AR working capital – Committed credit and overdraft facilities in place to address short-term liquidity needs
Master Execution	**Commodity sourcing**	Failure to buy and make commodities available at equal or better conditions than peer group, based on fair market conditions	**Prudent**	**Medium**	– Commodity diversification, Risk Governance Framework and Policy – Performance tracking automated buying – Highly skilled and experienced commodity buying employees
Master Execution	**Geopolitical**	The risk of negative impacts for JDE Peet's, directly and indirectly, arising from political, economic, or security-related events that affect global markets, businesses, and international relations	**Cautious**	**High**	– Build scenario planning skills – For top 3 most likely scenarios, build and test contingency plans
Grow Together	**Food safety/Food law compliance**	The risk of consumer food-safety or product mislabelling issue leading to consumer harm or deception, a large recall, fine, or extensive reputation damage	**Averse**	**Low**	– Adherence to JDE Peet's' policies and best practices – Monitoring ingredients & finished products to validate compliance to process//requirements – Auditing IM and EM plants and validating heat treatment procedures – Ensuring product/packaging/labelling compliance to applicable local/ regional regulations – Scouting activities through trade associations, industry and scientific bodies and external consultancy – Issue & Crisis Management process

Strategy pillar	Risk	Risk description	Risk appetite level	Actual risk level	Mitigation actions
Grow Together	**Minimising footprint**	Near to medium-term: Failure to meet environmental targets Long-term: Physical impact of climate change on JDE Peet's' sourcing and supply chain	**Cautious**	**Very High**	– Delivery of SBTi target on GHG Scope 1+2 reduction – Scope 3 delivery of farmer reach initiatives and vendor SBTI commitment to contribute to GHG reduction – Delivery of packaging intensity (reusable, recyclable compostable) – Definition and deployment of water strategy
Grow Together	**Responsible sourcing**	Near to medium-term: Potential non-compliance to all applicable laws and regulations. Long-term: Physical impact on JDE Peet's' sourcing and supply chain	**Cautious**	**Very High**	– Human Rights Policy updated – Human rights due diligence processes defined and being deployed, including internal training. – Ongoing internal assessments executed – Progress on responsible sourcing deployment – Preparation for new EUDR regulation – Delivery of farmer reached targets
Grow Together	**Key talent**	Inability to retain key employees and to build a healthy talent pool	**Cautious**	**Low**	– Maintain current high engagement standards – Further improve offer of compensation package in line with the market – Maintain a clear company purpose and an inspiring culture – Associate safety and well-being programme in JDE Peet's business (including human rights, DE&I, human capital)
Grow Together	**Distributors and JVs**	The risk that any of the other risks occur with a key distributor who is acting on JDE Peet's' behalf	**Cautious**	**Low**	– Contracts in place with distributors /JVs. – Decent selection and onboarding of reliable distributors – Active risk assessment and performance reviews of current partners

STATEMENT OF THE BOARD

JDE Peet's' Board of Directors is responsible for the design and operation of the company's internal Risk & Control Framework.

In accordance with the best practice provision 1.4.3 of the Dutch Corporate Governance Code of December 2022, we have assessed the design and operational effectiveness of the company's Internal Risk & Control Framework. The outcome of these reviews was shared regularly with the Audit Committee and was discussed with our external auditor. JDE Peet's' Internal Risk & Control Framework is designed to mitigate the risks associated to JDE Peet's' strategy and activities and aims to provide reasonable assurance that our financial reporting does not contain any material inaccuracies.

- On the basis of the assessments performed, and the current state of affairs, the Board of JDE Peet's considers that: this report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems including strategic, operational, and compliance risks.
- The internal risk management and control systems in place provide reasonable assurance that the financial reporting does not contain any material inaccuracies, after taking into consideration the matters identified in the Risk management section.
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going-concern basis; please refer to the note 1.1 of the Consolidated Financial Statements section of this report.
- The report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for a period of twelve months after the preparation of this report. This is justified under the Risk management section. However, the Internal Risk & Control Framework cannot provide full assurance that all control gaps, material misstatements, cases of fraud, or violations of laws and regulations will be prevented. Nor can it provide absolute assurance as to the realisation of operational and strategic business objectives.

In accordance with the Dutch Financial Supervision Act, section 5.25c, the Board confirms that, to the best of its knowledge and belief:

- The financial statements for 2023 provide a true and fair view of the consolidated assets, liabilities and financial position at 31 December 2023, and of the 2023 consolidated profit or loss of JDE Peet's.
- The annual report provides a true and fair view of the situation at 31 December 2023, and the development and performance of the business during the financial year 2023, together with a description of the principal risks and uncertainties faced by JDE Peet's.

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

For the years ended 31 December 2023 and 31 December 2022

In EUR million, unless stated otherwise

	Note	2023	2022
Revenue	2.2	8,191	8,151
Cost of sales	2.3	(5,173)	(5,146)
Selling, general and administrative expenses	2.3	(2,333)	(2,056)
Operating profit		**685**	**949**
Finance income	5.4	104	68
Finance expense	5.4	(247)	1
Share of net profit / (loss) of associates		(5)	—
Profit before income taxes		**537**	**1,018**
Income tax expense	8	(173)	(257)
Profit for the period		**364**	**761**

ATTRIBUTABLE TO:	Note	2023	2022
Owners of the parent		367	771
Non-controlling interest		(3)	(10)
Profit for the period		**364**	**761**
Earnings per share:			
Basic earnings per share (in EUR)	2.4	0.76	1.57
Diluted earnings per share (in EUR)	2.4	0.75	1.55

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2023 and 31 December 2022

In EUR million

	Note	2023	2022
Profit for the period		**364**	**761**
Other comprehensive income/(loss), net of tax:			
Items that will not be reclassified to profit or loss			
– Retirement benefit obligation related items, net of tax	9.1	(28)	10
Items that may be subsequently reclassified to profit or loss			
– Foreign currency translation		(95)	52
– Net investment hedge		14	(27)
– Effective portion of cash flow hedge - foreign exchange contracts	6	31	(46)
Other comprehensive income/(loss)		**(78)**	**(11)**
Total comprehensive income/(loss) for the period		**286**	**750**
Attributable to:			
Owners of the parent		281	770
Non-controlling interest	5.1	5	(20)
Total comprehensive income/(loss) for the period		**286**	**750**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the years ended 31 December 2023 and 31 December 2022

In EUR million

	Note	2023	2022
Assets			
Non-current assets:			
– Goodwill and other intangible assets	3.2	16,717	17,084
– Property, plant and equipment	3.4	1,719	1,740
– Deferred income tax assets	8	49	35
– Derivative financial instruments	6.7	16	46
– Retirement benefit asset	9.1	432	413
– Other non-current assets	9.3	72	86
		19,005	**19,404**
Current assets:			
– Inventories	4.1	1,248	1,356
– Trade and other receivables	4.2	729	828
– Derivative financial instruments	6.7	57	28
– Income tax receivable		36	24
– Net assets held-for-sale		18	19
– Cash and cash equivalents	5.3	2,048	967
		4,136	**3,222**
Total assets		**23,141**	**22,626**

	Note	2023	2022
Equity and liabilities			
Equity:			
– Share capital	5.1	5	5
– Share premium		9,585	9,997
– Treasury stock		(38)	(471)
– Other reserves / (deficits)		(375)	(313)
– Retained earnings		1,858	1,834
– Equity attributable to the owners of the Company		**11,035**	**11,052**
– Non-controlling interest		80	80
		11,115	**11,132**
Non-current liabilities:			
– Borrowings	5.2	5,388	4,888
– Retirement benefit liabilities	9.1	170	149
– Deferred income tax liabilities	8	1,226	1,265
– Derivative financial instruments	6.7	41	—
– Provisions	9.2	36	33
– Other non-current liabilities	9.4	107	110
		6,968	**6,445**
Current liabilities:			
– Borrowings	5.2	527	79
– Trade and other payables	4.3	4,225	4,704
– Income tax liability		81	88
– Provisions	9.2	68	39
– Derivative financial instruments	6.7	157	139
		5,058	**5,049**
Total equity and liabilities		**23,141**	**22,626**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2023 and 31 December 2022

In EUR million

	Share capital	Share premium	Treasury stock	Retirement benefit obligation related Items	Currency translation reserve	Cash flow hedge reserve	Total other compre-hensive income	Share-based payments reserve	Retained earnings	Total equity attributable to the shareholders of the Company	Non-controlling interest	Total equity
Balance at 31 December 2021	**5**	**9,975**	**—**	**280**	**(684)**	**25**	**(379)**	**39**	**1,383**	**11,023**	**138**	**11,161**
Application of hyperinflationary accounting	—	—	—	—	—	—	—	—	31	31	11	42
Balance at 1 January 2022	**5**	**9,975**	**—**	**280**	**(684)**	**25**	**(379)**	**39**	**1,414**	**11,054**	**149**	**11,203**
– Profit for the period	—	—	—	—	—	—	—	—	771	771	(10)	761
– Retirement benefit obligation	—	—	—	10	—	—	10	—	—	10	—	10
– Foreign currency translation	—	—	—	(14)	76	—	62	—	—	62	(10)	52
– Foreign currency contracts	—	—	—	—	—	(46)	(46)	—	—	(46)	—	(46)
– Net investment hedge	—	—	—	—	(27)	—	(27)	—	—	(27)	—	(27)
Total Comprehensive Income/(Loss)	**—**	**—**	**—**	**(4)**	**49**	**(46)**	**(1)**	**—**	**771**	**770**	**(20)**	**750**
– Share-based payment transactions	—	—	—	—	—	—	—	28	—	28	—	28
– Dividends	—	—	—	—	—	—	—	—	(339)	(339)	(1)	(340)
– Share buyback transaction	—	—	(500)	—	—	—	—	—	—	(500)	—	(500)
– Issuance of shares	—	22	29	—	—	—	—	—	—	51	—	51
– Other transactions with shareholders	—	—	—	—	—	—	—	—	(12)	(12)	(48)	(60)
Balance at 31 December 2022	**5**	**9,997**	**(471)**	**276**	**(635)**	**(21)**	**(380)**	**67**	**1,834**	**11,052**	**80**	**11,132**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

In EUR million

	Share capital	Share premium	Treasury stock	Retirement benefit obligation related Items	Currency translation reserve	Cash flow hedge reserve	Total other compre-hensive income	Share-based payments reserve	Retained earnings	Total equity attributable to the shareholders of the Company	Non-controlling interest	Total equity
Balance at 31 December 2022	**5**	**9,997**	**(471)**	**276**	**(635)**	**(21)**	**(380)**	**67**	**1,834**	**11,052**	**80**	**11,132**
Application of hyperinflationary accounting	—	—	—	—	—	—	—	—	(2)	(2)	—	(2)
Balance at 1 January 2023	**5**	**9,997**	**(471)**	**276**	**(635)**	**(21)**	**(380)**	**67**	**1,832**	**11,050**	**80**	**11,130**
– Profit for the period	—	—	—	—	—	—	—	—	367	367	(3)	364
– Retirement benefit obligation	—	—	—	(28)	—	—	(28)	—	—	(28)	—	(28)
– Foreign currency translation	—	—	—	6	(109)	—	(103)	—	—	(103)	8	(95)
– Foreign currency contracts	—	—	—	—	—	31	31	—	—	31	—	31
– Net investment hedge	—	—	—	—	14	—	14	—	—	14	—	14
Total Comprehensive Income/(Loss)	**—**	**—**	**—**	**(22)**	**(95)**	**31**	**(86)**	**—**	**367**	**281**	**5**	**286**
– Share-based payment transactions	—	—	—	—	—	—	—	24	—	24	—	24
– Dividends	—	—	—	—	—	—	—	—	(339)	(339)	(2)	(341)
– Issuance of shares	—	—	21	—	—	—	—	—	—	21	—	21
– Cancellation of treasury shares	—	(412)	412	—	—	—	—	—	—	—	—	—
– Other transactions with shareholders	—	—	—	—	—	—	—	—	(2)	(2)	(3)	(5)
Balance at 31 December 2023	**5**	**9,585**	**(38)**	**254**	**(730)**	**10**	**(466)**	**91**	**1,858**	**11,035**	**80**	**11,115**

During the Annual General Meeting of Shareholders on 25 May 2023, a dividend of EUR 0.70 per share was approved, payable in two instalments of EUR 0.35 on 14 July 2023 and 26 January 2024. The dividend payable at 31 December 2023 amounted to EUR 170 million, which was recognised within Trade and other payables.

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December 2023 and 31 December 2022

In EUR million

	Note	2023	2022
Profit for the period		364	761
Adjustments for:			
– Depreciation, amortisation and impairments	3.4, 3.2	638	417
– Defined benefit pension expense	9.1	(19)	5
– Share-based payments	7.1	43	33
– (Gain) / loss on sale of property, plant, equipment and intangible assets		6	23
– Income tax expense	8	173	257
– Interest income on bank accounts and other	5.4	(91)	(64)
– Interest expense	5.4	94	85
– Provision charges	9.2	57	28
– Derivative financial instruments		125	(332)
– Foreign exchange (gains) / losses	5.4	(45)	263
– Other		1	13
Changes in operating assets and liabilities:			
– Inventories	4.1	79	(470)
– Trade and other receivables	4.2	116	(142)
– Trade and other payables	4.3	(478)	985
Pension payments	9.1	(9)	(8)
Payments of provisions	9.2	(26)	(13)
Realised foreign exchange (gains) / losses		67	(249)
Receipts from / (payments to) derivative financial instruments		(53)	252
Income tax payments		(219)	(238)
Net cash provided by operating activities		**823**	**1,606**

	Note	2023	2022
Cash flows from investing activities:			
Purchases of property, plant and equipment	3.4	(272)	(239)
Purchases of intangibles	3.2	(29)	(9)
Proceeds from sale of property, plant, equipment and other assets		2	10
Acquisition of businesses, net of cash acquired	3.1	(6)	(127)
Loans provided	7.2	(2)	5
Interest received		84	64
Other investing activities		(3)	3
Net cash used in investing activities		**(226)**	**(293)**
Cash flows from financing activities:			
Additions to borrowings	5.2	989	171
Repayments from borrowings	5.2	(89)	(295)
Share buyback transaction		—	(500)
Receipts from / (payments to) derivative financial instruments	6.7	(1)	69
Dividend paid to shareholders	5.1	(341)	(345)
Interest paid		(66)	(68)
Investments / (divestments) by non-controlling shareholders		13	(33)
Other financing		(14)	(19)
Net cash used in financing activities		**491**	**(1,020)**
Effect of exchange rate changes on cash		(7)	11
Net increase/(decrease) in cash and cash equivalents		**1,081**	**304**
Cash and cash equivalents – at the start of period		967	662
Adjustment for hyperinflationary accounting		—	1
Cash and cash equivalents — as of 31 December[71]	5.3	**2,048**	**967**

The accompanying notes are an integral part of these financial statements.

[71] Cash and cash equivalents include restricted cash of EUR 23 million at 31 December 2023 (31 December 2022: EUR 50 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended 31 December 2023 and 31 December 2022

1. DESCRIPTION OF BUSINESS

Taking into account the characteristics of JDE Peet's' business and business model, the notes to the financial statements have been grouped into nine thematic sections rather than in a consecutive order based on line-items in the Consolidated primary statements. Each note in a section starts with material accounting policies, if applicable, as well as the critical accounting estimates and judgements made.

This section contains the disclosures relevant for understanding the basis of preparation of the Consolidated financial statements:

1. Reporting entity
2. Use of critical accounting estimates and judgements
3. Changes in accounting standards
4. Basis of consolidation
5. Material policy information, not attributable to a specific section
6. Update on the war in Ukraine

1.1 REPORTING ENTITY

JDE Peet's N.V. (the "Company" or together with its subsidiaries "JDE Peet's") is a public limited liability company under the laws of the Netherlands. The Company was incorporated on 21 November 2018 and is a public company (naamloze vennootschap, N.V.) listed on Euronext Amsterdam. The Company is the holding company of JACOBS DOUWE EGBERTS B.V. ("JDE" or "JDE Group") and Peet's Coffee & Tea, Inc. ("Peet's" or "Peet's Group") through a number of indirect holding companies. The Company's main direct shareholders are Acorn Holdings B.V. ("Acorn"), a Dutch subsidiary of Mondelēz International Inc ("Mondelēz holding") and free float. Acorn is fully owned by a Joh. A. Benckiser led investor group ("JAB").

All holders of a capital and/or voting interest of three per cent or more are disclosed to the Netherlands Authority for the Financial Markets ("AFM"). The AFM processes these disclosures in its publicly available register, which can be found at www.afm.nl.

The Company is headquartered in the Netherlands, the registered office of the Company is Oosterdoksstraat 80, 1011 DK in Amsterdam, the Netherlands (Company registration number: 73160377).

The consolidated financial statements for the year ended 31 December 2023 include the financial information of the Company and its subsidiaries.

These consolidated financial statements were authorised for issuance on 7 March 2024 by the Board of Directors of the Company.

Activities of JDE Peet's

JDE Peet's is the world's leading pure-play coffee & tea company, serving approximately 4,100 cups of coffee or tea per second. JDE Peet's unleashes the possibilities of coffee & tea in more than 100 markets with a portfolio of over 50 brands including L'OR, Peet's, Jacobs, Senseo, Tassimo, Douwe Egberts, OldTown, Super, Pickwick and Moccona. In 2023, JDE Peet's generated total sales of EUR 8.2 billion and employed a global workforce of 21,196 employees. Read more about our journey towards a coffee & tea for every cup at www.jdepeets.com.

JDE Peet's has a long, rich tradition in the coffee & tea industry, developing its portfolio of over 50 trusted coffee & tea brands with a deeply rooted heritage. Its established brand portfolio is the largest in the coffee & tea industry, comprising Global Brands (L'OR and Peet's), Regional Brands (including Jacobs, Douwe Egberts, Tassimo, Senseo, Moccona, Super and OldTown), Local Jewel Brands (including Marcilla, Gevalia, Friele, Bravo and Pilão) and Local Brands (including Paloma, Café Pelé, Owl and Cafax).

It sells its full range of products through a multi-channel distribution model across the CPG, Out-of-Home, retail and online channels to meet customer and consumer needs, as follows:

- CPG[72]–JDE Peet's principal products are multi-serve coffee, roast and ground single-serve and double-shot coffee capsules, whole beans, pads and pods, instant pure and instant mixes, a variety of tea products and ready-to-drink coffee beverages. JDE Peet's sells these products primarily to supermarkets and, in certain markets, through retail buying groups comprised of supermarket retailers or shared-services supply chain centres.

[72] CPG is an abbreviation for Consumer Packaged Goods

- Out-Of-Home–It offers a full range of professional solutions: coffee, tea and complementary coffee systems, including proprietary liquid coffee concentrate technology; multi-serve coffee; roast and ground single-serve coffee capsules and pads; whole beans; instant coffee; and ready-to-drink coffee. Its customers include businesses, such as hotels, hospitals, restaurants, cruise liners and retirement homes, as well as distributors for distribution to the customer.
- Retail–JDE Peet's operates coffee stores through which it sells whole bean coffee, tea and other beverages and related items, such as pastries. At 31 December 2023, JDE Peet's operated Peet’s coffee stores primarily located across the United States but also in China, OldTown coffee stores located in Malaysia, Singapore, Indonesia and Hong Kong, 12Oz coffee stores located in Italy and Campos stores located in Australia. Through its coffee stores, JDE Peet's seeks to facilitate the sale of fresh whole bean coffee and to encourage customer trial of its coffee through coffee beverages.
- Online–JDE Peet's sells its coffee & tea online through its own e-commerce marketplaces, such as the L’OR and Peet’s marketplaces, and third-party e-commerce marketplaces.

Basis of Preparation

The Company prepared these consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and in conformity with the Dutch Civil Code. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis. Management concluded that there are no material uncertainties that may cast significant doubt upon JDE Peet's' ability to continue as a going concern. For the purpose of these financial statements, the results and financial position of JDE Peet's are measured in Euro, its presentation currency.

Segmentation

For purposes of these consolidated financial statements, segmentation is based on how the chief operating decision maker ("CODM") reviews the performance of the business and allocates resources, as further disclosed in the segmentation disclosure note.

1.2 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that effect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Estimates, Judgements and Assumptions—The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the reported amounts of revenues and expenses during the reporting period.

Reference	Particular area involving significant estimates and judgements
1.4 Basis for consolidation	Assessment whether control as defined under IFRS 10 exists in relation to the operations in Russia.
2.2 Revenue	Estimating sales incentives, sales returns and marketing accruals.
3.1 Business combinations	Estimating the purchase price allocation including fair values of assets and (contingent) liabilities.
3.2/3.4 Goodwill and other intangible assets/Property, plant and equipment	Judgements related to the expected useful lives of long-lived assets and estimating the recoverable amounts. The LARMEA discount rate had significant focus because of the country risk premium developments as a result of geopolitical and macroeconomic circumstances in some markets. In 2022, specific focus was put on the Out-of-Home segment, with significant estimates for elements such as recovery of business and longer-term adverse effects of COVID-19, cash flow projections of management's initiatives and the discount rate. In 2023 this segment was combined with CPG Europe into one segment Europe, see also notes 2.1 and 3.3.
3.3 Impairment of non-current assets	Key assumptions used in impairment testing such as cash flows and WACC.
4.3 Trade and other payables	Judgement is required to assess whether supplier financing arrangements contain characteristics of trade payables, borrowings or both.
6.7 Derivatives financial instruments	Assumptions in relation to fair valuation of derivatives not traded in active markets.
8 Income taxes	Recognition and measurement of current and deferred income tax positions, including the recoverability of tax losses carried forward and determination of contingent income tax liabilities requires significant judgement.
9.1 Post-employment and other long-term employee benefit plans	Assumptions used in determination of pension assets, pension liabilities, commitments and pension costs such as discount rates, indexation and inflation.
9.2 Restructuring, legal and other provisions	Estimating the likelihood and timing of potential cash flows relating to claims, litigations and restructurings.
Climate change and nature related risks	JDE Peet's has assessed the impact of climate change, including transitional and physical risks related to climate change and nature related risks, as part the the requirement of the Task Force on Climate-related Financial Disclosures ("TCFD"), the Task Force on Nature-related Financial Disclosures ("TNFD") and Science Based Targets Initiative ("SBTi") and concluded that climate risk does not have a material impact on the consolidated financial statements. Further consideration of the impact of climate risk is included in the relevant disclosure notes.

JDE Peet's reviewed the significant accounting estimates and judgements, including the impact on indications for impairments (note 3.3), provisions (note 9.2) and contingencies (note 9.5). This review did not lead to significant changes in these accounting estimates and judgements.

1.3 CHANGES IN ACCOUNTING STANDARDS

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	JDE Peet's does not have any contracts that require accounting under IFRS 17.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements— Disclosure of Accounting Policies	JDE Peet's has adopted the amendments to IAS 1 for the first time in the current year and reassessed disclosure of its accounting policies against the amendments. As a result, disclosed accounting policy information was amended to meet the new requirements.
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	JDE Peet's has adopted the amendments to IAS 12 and no changes were made to prior or current periods.
Amendments to IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules	The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("OECD") international tax reform. The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. The IASB has decided to develop a temporary exemption on the recognition and disclosing of information about deferred tax assets and liabilities related to Pillar Two income taxes. JDE Peet's adopted the amendments to IAS 12 and applied the temporary exception at 31 December 2023.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	JDE Peet's has adopted the amendments to IAS 8 for the first time in the current year.

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not significantly affect the current period.

New Standards, Amendments and Interpretations issued, but not effective for the year ended 31 December 2023 and not Early Adopted

The following new accounting standards and interpretations effective for accounting periods beginning on or after 1 January 2024, do not have a significant impact on the financial statements of JDE Peet's for the year ended 31 December 2023 nor are expected to have a significant impact in the future:

- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture;
- Amendments to IAS 1 - Classification of liabilities as current or non-current;
- Amendments to IAS 1 - Non-current liabilities with Covenants;
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements;
- Amendments to IFRS 16 - Lease liability in a sale and leaseback.

1.4 BASIS OF CONSOLIDATION

The financial statements include the accounts of all subsidiaries in which the Company, directly or indirectly, has a controlling interest.

Subsidiaries—Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Intergroup transactions, balances and unrealised gains and losses on transactions between companies within JDE Peet's are eliminated upon consolidation unless they provide evidence of impairment.

Investments in associates—Associates are entities over which the Company has the ability to exercise significant influence but does not control. Generally, significant influence is presumed to exist when JDE Peet's holds 20% to 50% of the voting rights in an entity. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. JDE Peet's distinguishes between strategically important joint ventures and associates and other joint ventures and associates. The share of strategically important joint ventures’ and associated companies’ result is disclosed separately within operating profit. The result from other joint ventures’ and associates is reported below operating profit.

1.5 MATERIAL POLICY INFORMATION, NOT ATTRIBUTABLE TO A SPECIFIC SECTION

Leases - As lessee

JDE Peet's leases various offices, warehouses, coffee stores, equipment and vehicles. Contracts may contain both lease and non-lease components. JDE Peet's has elected not to separate lease and non-lease components and instead accounts for these as a single lease component (gross approach). Operating leases are recognised and presented as right-of-use assets (within property, plant and equipment) with corresponding liabilities at the date at which the leased asset is available for use by JDE Peet's.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate at the commencement date.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases within JDE Peet's, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, JDE Peet's, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

JDE Peet's is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's estimated useful life and the lease term on a straight-line basis. If JDE Peet's is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's estimated useful life. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across JDE Peet's. These are used to maximise operational flexibility in terms of managing the assets used in its operations. The majority of extension and termination options held are exercisable only by JDE Peet's and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Comparative figures—In note 2.1 the presentation of the comparative financial information was adjusted to conform to the presentation of the statement of financial position and income statement of the current year. The reclassifications had no impact on net result or equity.

Exchange rates used in financial statements

The following exchange rates are the most relevant in the financial statements:

Currency	2023	2022
US dollar		
Opening rate	0.934	0.880
Average	0.925	0.951
Ending rate	0.906	0.934
Brazilian real		
Opening rate	0.177	0.158
Average	0.185	0.184
Ending rate	0.187	0.177
Russian ruble		
Opening rate	0.013	0.012
Average	0.011	0.014
Ending rate	0.010	0.013
Pound sterling		
Opening rate	1.129	1.190
Average	1.150	1.174
Ending rate	1.153	1.129
Australian dollar		
Opening rate	0.636	0.639
Average	0.615	0.659
Ending rate	0.617	0.636
Singapore dollar		
Opening rate	0.697	0.652
Average	0.689	0.689
Ending rate	0.686	0.697

IAS 29 Financial Reporting in Hyperinflationary Economies

Under IAS 29 **Financial Reporting in Hyperinflationary Economies**, non-monetary assets and liabilities stated at historical cost, equity and income statements of subsidiaries operating in hyperinflationary economies, are restated for changes in the general purchasing power of the local currency, applying a general price index. These remeasured accounts are used for conversion into euro at the period closing exchange rate. As a result, the balance sheet and net results of subsidiaries operating in hyperinflation economies are stated in terms of the measuring unit current at the end of the reporting period. JDE Peet's is applying IAS 29 to its businesses in Republic of Türkiye since the year ended 31 December 2022.

The following Turkish consumer price indices were used:

Consumer price index	2023	2022
1 January	1,128.45	686.95
31 December	1,859.38	1,128.45

Any net monetary gain or loss is recognised as part of the finance expense (see note 5.4).

No restatement of comparative information is required since the presentation currency of these financial statements is in a non-hyperinflationary currency. The impact of hyperinflationary accounting is excluded from JDE Peet's' organic calculations.

1.6 UPDATE ON THE WAR IN UKRAINE

JDE Peet's continuously monitors developments related to the war in Ukraine. Since the start of the conflict, the Company's first priority has been, and continues to be, the safety and well-being of its employees in the region. In addition, the Company has continued to monitor EU and other applicable sanctions. It has not authorised new capital investments to increase factory capacity or expansion, and all cash dividend payments from the Russian business were cancelled. JDE Peet's has discontinued investments in advertising and promotion of its international brands. The factory based in Russia produces primarily on a local-for-local basis.

Since the start of the war, the Company has sought to ensure that its business in Russia is operated as a stand-alone business to the greatest extent reasonably possible. JDE Peet's' business in Russia contributed approximately 5% to the Company's total revenues and comprises 1% of total assets. Triggered by its stand-alone business operation and changing (sanction) regulations, JDE Peet's continued to assess whether it remained control over its Russian operations in accordance with IFRS 10 and concluded that it continued to have control over its Russian operations at 31 December 2023.

Key accounting estimate and judgment - JDE Peet's continued to assess whether it remained control over its Russian operations in accordance with IFRS 10. The assessment considered whether JDE Peet's remains to have (1) power over the local business, (2) exposure or rights to variable returns from its involvement with the local business, and (3) the ability to use its power over the local business to affect returns. Based on the review of the aforementioned three key drivers, and although the Russian business transitioned to a stand-alone business to the greatest extent reasonably possible sanction restrictions made doing business in Russia significantly more complex, JDE Peet's concluded that it continued to have control over its Russian operations at 31 December 2023.

Internal events and external circumstances occurring in Ukraine and Russia may result in indications for impairment. JDE Peet's frequently reviews the valuation of its assets in Russia and Ukraine, including an evaluation of the uncertainties resulting from the war on goodwill and other intangible assets of the wider LARMEA segment which it is part of. In June 2023, JDE Peet's decided to transition the international Jacobs brand in the Russian market to the local Monarch brand. This led to an impairment of EUR 185 million in the Jacobs brand intangible. After this impairment the brand value allocated to Russia was nil. Furthermore, as part of the annual impairment testing of indefinite useful life assets, the increased risk of operating in Russia was considered in the WACC applied to cash flows originating from the Russian business, thereby impacting the recoverable value of related assets. In addition, the fixed assets owned by JDE Peet's in the Russian and Ukrainian markets were assessed, which has not led to additional impairments in 2023.

At 31 December 2023 and throughout the financial year, assessments were made regarding the appropriate operating model for the Russian local market in the context of the changing sanction regimes and how the changing circumstances affect related accounting judgements and disclosures. The outcomes of these assessments were incorporated accordingly in these financial statements.

New sanctions were published by the EU in December 2023 and certain aspects of these sanctions will be in effect as of 20 June 2024. These may affect the assessment regarding control and therefore will be considered in the review for the financial year 2024 onwards.

2. GROUP OPERATING PERFORMANCE

2.1 SEGMENT INFORMATION

The operating segments are Europe, LARMEA, APAC and Peet's. The segments are organised based on the reporting structure (by the geographies and/or the nature of the products and services) of JDE Peet's. The segments share a similar production process, but each segment sells different products to vastly different types of customers and consumers in different regions of the world. Therefore, none of the operating segments are aggregated. JDE Peet's is operating as one group.

On 25 April 2023, JDE Peet's announced the combination of the CPG Europe and Out-of-Home segments into one European segment ("Europe"). The other segments remained unchanged. The relevant changes in the reporting structure came substantially into effect during the year ended 31 December 2023. The comparative figures were restated to align with the new segment structure.

Europe, LARMEA and APAC: Within these 3 segments, JDE Peet's principal products are roast and ground multi-serve coffee, roast and ground single-serve coffee pads and capsules, instant coffee and tea. The Europe segment also includes the Company's European Out-of-Home business which offers a full range of hot beverage products including liquid roast products and related coffee machines and services. These Out-of-Home products and services are sold, among others, either directly to small-, medium-, and large businesses, hotels, restaurants, universities and hospitals, or to foodservice distributors for distribution to customer.

JDE Peet's sells its CPG products predominantly through traditional and modern retail trade, like supermarkets, hypermarkets and e-commerce channels. Europe includes the business activities in Europe, excluding some Eastern Europe countries. LARMEA includes business activities in Latin America, the United States, the Middle East, Eastern Europe and Africa, and APAC includes the business activities in the Asia-Pacific region.

Peet's: The Peet's segment offers whole bean coffee, beverages, tea and related products through grocery stores, wholesale, e-commerce, retail, Out-of-Home and company-operated and licensed stores primarily to customers in the United States and China.

Unallocated is not a separate segment as it does not engage in business activities. JDE Peet's presents “Unallocated” as a reconciling item to the total business results. Unallocated comprises head-office costs (such as central finance, HR, legal, IT and marketing) and limited revenues from excess production capacity which is made available to third parties. Segment results are presented before intercompany eliminations, which are eliminated within Unallocated.

Basis of Segmental Reporting

Segment results, that are reported, include items directly allocated to a segment as well as those that can be allocated on a reasonable basis and taking into account differences between forecasted and actual foreign exchange rates.

Discrete financial information including revenue to Adjusted EBIT for each of the operating segments is provided to the CODM, the Company's CEO, in order to review operating results, assess performance and make resource allocation decisions.

In accordance with JDE Peet's' operating model, centralised assets are utilised that serve multiple markets across different geographies and segments. Therefore, the Company does not consider the country-level distribution of assets to be a meaningful indicator of its performance or strategy. Accordingly, JDE Peet's does not disclose this information to the CODM or in its segment reporting.

Adjusted EBIT

The CODM reviews segment profitability based on Adjusted EBIT. Adjusted EBIT is used to measure performance as management believes that this measurement is the most relevant in evaluating the results of the segments. JDE Peet's defined Adjusted EBIT as profit for the period, adding back finance income, finance expense, share of net loss of associates and income tax expense, adjusted for the following factors:

1. ERP system implementation expenses, which represent costs to implement and upgrade to a new ERP system, including order, billing, payroll and financial systems. Overhead costs incurred in the normal course of business are not allocated to ERP implementation projects; rather, only incremental costs incurred in direct connection with the implementation of the ERP project are added back in calculating Adjusted EBIT.

2. Transformation activities and corporate actions include costs from restructuring and organisational redesign projects, results from corporate actions and costs from strategic initiatives:
   i. Restructuring and organisational redesign costs arise from strategic projects that are related to business optimisation or cost-saving initiatives. These strategic projects include the closure of factories or significant changes to the manufacturing footprint or restructuring of retail overhead. Due to the fact that most restructuring projects or organisational redesign activities span multiple years, management does not consider or describe these costs as “non-recurring” in nature. However, the specific projects or overarching initiatives themselves are important events to understand the operating performance. JDE Peet's therefore adds back these costs in calculating Adjusted EBIT.
   ii. Results from corporate actions arise from activities that are not considered by JDE Peet's to be part of daily business operations. Such results include items such as fees incurred in relation to refinancing activities, executive director's severance, pension curtailments and amendments. Such actions generally result from market forces that are difficult to predict and are not entirely within the control of JDE Peet's. Therefore, costs are added back or gains removed in calculating Adjusted EBIT.
   iii. Strategic initiatives are broken down and defined as the costs related to evaluating strategic alternatives, entering into new markets, or launching new strategic initiatives, or other business development costs, to the extent not considered by JDE Peet's as part of the normal operating costs of its business. Therefore, costs are added back in calculating Adjusted EBIT.
3. Share-based payment expense, which is an operating expense JDE Peet's incurs and is considered a form of compensation, varies in amount from period to period, and is affected by market forces, including volatility and other factors, such as forfeitures of awards, that are difficult to predict. Therefore, costs are added back in calculating Adjusted EBIT.
4. Mark-to-market results consist of economic hedges of certain future risks related to the cost of goods sold. Mark-to-market adjustments include adjustments for unrealised and realised gains/losses on commodity derivative instruments. Unrealised mark-to-market adjustments relate to results on green coffee futures and other commodity derivative instruments for which JDE Peet's has not yet sold the underlying commodity. These results are excluded when calculating Adjusted EBIT. Upon the subsequent sale of the underlying commodity to customers, the realised mark-to-market adjustments are recognised in Adjusted EBIT. JDE Peet's believes that such results create volatility in the current period trends, because mark-to-market amounts vary from period to period and are affected by market forces that are difficult to predict and not within the control of management.
5. Merger & Acquisitions/business combination results include: a) acquisition-related costs including legal, due diligence, professional consulting and other costs incurred as a result of its acquisitions process; b) amortisation related to intangible assets recognised or remeasured as part of purchase price allocations; c) costs associated with the integration of acquired businesses, such as directly attributable integration-related labour costs, legal fees and consulting fees; d) derecognition of the step-up in fair value of inventories resulting from purchase price allocations; e) fair value changes in contingent consideration obligations; and f) sale results and other costs incurred as a result of divestments. JDE Peet's does not consider these costs as part of the normal operating costs of its business. Therefore, costs are added back in calculating Adjusted EBIT.

Adjusted EBIT is reconciled to operating profit and profit before income taxes on a consolidated basis in the tables presented below.

Segmental information for the consolidated income statement

Revenue (in EUR million):

	2023	2022 restated
Europe	4,719	4,548
LARMEA	1,498	1,616
Peet’s	1,153	1,141
APAC	791	814
Unallocated	30	32
Total	**8,191**	**8,151**

Reconciliation of Adjusted EBIT to most directly comparable GAAP measure (in EUR million):

	2023	2022 restated
Europe	1,006	926
LARMEA	147	296
Peet's	141	147
APAC	135	123
Unallocated	(301)	(265)
Adjusted EBIT	**1,128**	**1,227**
ERP system implementation	(7)	(8)
Transformation activities and corporate actions[73]	(126)	(67)
Share-based payment expense	(44)	(37)
Mark-to-market results	39	(54)
Amortisation acquired intangible assets and M&A/Deal costs[74]	(305)	(112)
Operating profit[75]	**685**	**949**
Finance income	104	68
Finance expense	(247)	1
Share of net profit / (loss) of associates	(5)	—
Profit before income taxes	**537**	**1,018**

Adjusted EBIT of the segments includes depreciation, amortisation and impairment expenses, which amounted to EUR 298 million (2022: EUR 303 million) (in EUR million):

	2023	2022 restated
Europe	137	125
LARMEA	16	25
Peet's	82	80
APAC	33	33
Unallocated	30	40
Total	**298**	**303**

Entity-wide disclosures:

The total revenue from external customers, broken down by the location of the selling entity is shown in the following table (in percentages of total revenue):

	2023	2022
United States	13%	14%
France	12%	11%
Germany	10%	10%
Netherlands	9%	8%
Rest of World[76]	56%	57%
Total revenue	**100%**	**100%**

There are no individual customers that amounted to 10% or more of JDE Peet's' revenue in both 2023 and 2022.

[73] Transformation activities and corporate actions include the expenses related to the establishment of the Europe omni-channel segment and the severance and non-cash impairment related to the intended closure of the instant processing and R&D facilities in Banbury, UK. See also notes 3.4 and 9.2.
[74] This consistently includes amortisation related to intangible assets recognised or remeasured as part of purchase price allocations. In 2023, a non-cash impairment of the Jacobs brand was recognised for an amount of EUR 185 million and a loss on disposal of businesses for an amount of EUR 4 million (2022: nil).
[75] In 2023, EUR 410 million of the adjusting items (2022: EUR 214 million) was recognised in selling, general and administrative expenses and EUR 33 million (2022: EUR 64 million) in cost of sales.
[76] There is no individual country material to disclose separately.

2.2 REVENUE

Revenue Recognition—JDE Peet's recognises revenue in accordance with the five-step model introduced by IFRS 15. Revenue is measured based on the consideration to which it expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. JDE Peet's recognises sales when the control is transferred and the performance obligation is satisfied and when specific criteria have been met for each of the activities as described below. Revenue is recognised when the goods and services are delivered at a point in time or over time, depending on the nature of transaction. Sales of goods are typically recognised at a point in time, where the revenue related to the Out-of-Home customer can be recognised at a point in time or over time. Revenue taxes collected from customers are excluded from revenue and the obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities. JDE Peet's bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Contracts with Out-of-Home customers—Contracts with Out-of-Home customers may include multiple element arrangements where performance obligations include both the delivery of products and the lease or sale of coffee equipment. In some instances, the coffee equipment is provided for free, but the customer agrees to purchase and use JDE Peet's products. Such contracts may be inclusive of free maintenance of the coffee equipment for a specific period. In such situations, JDE Peet's separates the sales transaction into the identifiable performance obligations in order to reflect the substance of the transaction based on the stand-alone selling prices of these obligations. JDE Peet's assesses the stand-alone selling prices available for the individual components and allocates the revenue of the total transaction in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue derived from a sale of coffee equipment is recognised at a point in time. Revenue derived from operational lease and maintenance contracts are recognised overtime, the duration of these contracts is between 1 to 5 years.

Customer loyalty programmes—JDE Peet's has a customer loyalty programme in the Netherlands whereby consumers collect points ("award credits") towards merchandise. The customer loyalty programme has separate performance obligations whereby the consumer is purchasing the products as well as the award credit. The revenue associated with the award credit is derived from the product stand-alone selling price and is deferred and recognised separately as a liability at the time of the initial sale. The estimation of this stand-alone selling price of the award credits includes consideration of the proportion of the awards expected to be redeemed. The deferred revenue, which is included in other non-current liabilities (to the extent that redemption after 12 months is expected) and trade and other payables (current portion) in the statement of financial position, is recognised at a point in time when fulfilled.

JDE Peet's revenue consists of the following:

- **Product sales to third parties (coffee, tea, other food and beverage)—**The conditions above are generally met when the control of the products of categories coffee, tea and other food and beverage is transferred to distributors, resellers or end customers. In particular, title usually transfers upon receipt of the product at the customers' locations, or upon shipment, as determined by the specific sales terms of the transactions. Revenue from owned coffee stores are presented net of discounts and recognised at the point of sale for food and beverage products sold.
- **Services (lease revenue and maintenance fees)—**JDE Peet's leases coffee machines as a service to certain of its Out-of-Home customers. Income from these leases is recognised in the income statement based on the policy for leases. In addition, maintenance fees are received related to its Out-of-Home machines, which are recognised on an accrual basis in accordance with the substance of the relevant agreements. Revenue from fixed-price contracts is generally recognised in the period that the maintenance services are rendered, using a straight-line basis over the term of the contract.

Revenues described above are recognised for individual components and the revenue of the total transaction price is allocated to the individual components by reference to their stand-alone selling price. Trade allowances and product returns are estimated based on historical results taking into consideration the customer, transaction and specifics of each arrangement while also taken into account forward looking information. JDE Peet's provides a variety of sales incentives to resellers and consumers of its products, and the policies regarding the recognition and presentation of these incentives within the income statement are as follows.

Included in revenue:

- **Discounts, coupons and rebates—**The reduction of the transaction price of these non-volume-based incentives is recognised at a point in time at the later of the date at which the related sale is recognised or the date at which the incentive is offered. The cost of these incentives is estimated using a number of factors, including historical utilisation and redemption rates. These incentives are settled in cash and are included in the determination of sales.
- **Listing fees—**Certain retailers require the payment of listing fees in order to provide space for JDE Peet's products on the retailer's store shelves. These amounts are included in the transaction price.
- **Volume-based incentives—**These incentives typically involve rebates or refunds of a specified amount of cash if the reseller reaches a specified level of sales, taking into account applicable competition laws. Under incentive programmes of this nature, the incentive is estimated and a portion of the incentive is allocated to reduce each underlying sales transaction with the customer overtime.

- **Cooperative advertising**—Under these arrangements, JDE Peet's agrees to reimburse the reseller for a portion of the costs incurred by the reseller to advertise and promote certain of its products. The cost of cooperative advertising programmes are recognised as a reduction to the transaction price unless the services are considered distinct which would result in the recognition of the costs as advertising costs.
- **Fixtures and racks**—Store fixtures and racks are provided to retailers to display certain products of JDE Peet's. The costs of these fixtures and racks are recognised as a reduction of the transaction price.

Key accounting estimate and judgement—Revenue is recognised for individual components and the total transaction price is allocated to the individual components by reference to their stand-alone selling price. JDE Peet's estimates trade allowances and product returns based on credit risk characteristics of the customer, the days past due, the transaction and specifics of each arrangement. As described above, JDE Peet's has a variety of sales incentives, sales returns and marketing accruals. Measuring the fair value of these incentives requires, in many cases, estimating future customer utilisation, redemption rates and relative fair value. These incentives include coupons that have prescribed value, but require customer utilisation and redemption rates. Historical data for similar transactions is used in estimating the fair value of incentive programmes. These estimates are reviewed each period and adjusted based upon actual experience and other available information. Additionally, JDE Peet's has a significant number of trade incentive programmes and other factors outside of its control that impact the ultimate cost of these incentives. Any significant change in these estimates could potentially have a material impact on revenue and profits especially in areas where estimation uncertainty is higher.

The total revenue from external customers, broken down by product is shown in the following table (in percentages of total revenue):

	2023	2022
Coffee	84 %	85 %
Tea	3 %	3 %
Other food and beverage	11 %	11 %
Services	2 %	1 %
Total	**100 %**	**100 %**

2.3 EXPENSES BY NATURE

Expenses—Expenses are recognised based on the accrual basis of accounting. This means that expenses are recognised when the product is received or the service is provided regardless of when cash outflow takes place. In relation to the expenses recognised in relation to depreciation, amortisation and impairments, reference is made to the specific accounting policies as is included in notes 3.2 and 3.4. In relation to the costs as expensed in relation to inventory, reference is made to the specific accounting policy as is included in note 4.1.

The aggregate of cost of sales and selling, general and administrative expenses is specified by nature as follows (in EUR million):

	Note	2023	2022
Cost of product[77]		4,213	4,248
Employee benefit expenses[78]		1,270	1,242
Other selling, general and administrative expenses[79]		1,333	1,286
Depreciation, amortisation and impairment	3.2, 3.4	638	417
Restructuring and restructuring related expenses		52	9
Total		**7,506**	**7,202**

Employee benefit expense (in EUR million):

	2023	2022
Wages and salaries	1,032	1,012
Social security charges	148	144
Pension costs	47	49
Share-based payments	43	37
Total	**1,270**	**1,242**

Employees by segment (average number of FTEs during the year):

	2023	2022
Europe	4,116	4,257
LARMEA	2,190	2,273
APAC	3,644	3,618
Peet's	4,781	4,377
Unallocated[80]	5,270	5,461
Total	**20,001**	**19,986**

Employees by geographical area (average number of FTEs during the year):

	2023	2022
The Netherlands	2,031	2,101
Outside the Netherlands	17,970	17,885
Total	**20,001**	**19,986**

[77] Cost of product mainly consists of raw materials (green coffee beans, tea leaves and other materials) for 66% (2022: 71%), packaging 13% (2022: 12%), coffee taxes 4% (2022: 4%), outsourced production services 3% (2022: 3%) and inbound freight 2% (2022: 2%).
[78] Employee benefit expenses consist of wages, salaries, pension costs, share-based payments and related social security charges.
[79] Other selling, general and administrative expenses in the table above include costs for advertising and promotion, distribution, repairs, maintenance and utilities.
[80] Unallocated includes operations (e.g. manufacturing and procurement) and global head office functions.

Fees for audit services provided by our auditor Deloitte Accountants B.V. include the audit of the financial statements of the Company and its subsidiaries. Fees for audit related engagements include review on interim financial statements, prospectus and sustainability assurance engagements. Fees for other non-audit related services include agreed-upon procedures. A specification of fees paid to our auditors (in EUR million) is stated below:

	2023	2022
Audit of the financial statements	6.1	6.1
Audit related engagements	0.8	0.1
Other non-audit related services	0.1	0.2
Total	**7.0**	**6.4**
Which relate to:		
Deloitte Accountants B.V.	2.5	1.9
Network of Deloitte Accountants B.V.	4.1	4.0
Other external auditors	0.4	0.5

2.4 EARNINGS PER SHARE

Basic earnings per share (“EPS”) is calculated by dividing the profit for the year attributable to the shareholders of the Company by the time-weighted average number of common shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to the shareholders of the Company by the time-weighted average number of common shares outstanding during the year adjusted for the time-weighted average number of common shares that would be issued on the conversion of all the dilutive potential common shares into common shares. At both the level of the Company, and subsidiary level, there are share-based payment plans that should be considered in the earnings per share calculation. The share-based payments plans at the subsidiary level are taken into consideration in the determination of the net profit attributable to owners of the Company.

The calculation of the basic and diluted earnings per share is based on the following data:

	2023	2022
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company (in EUR million)	**367**	**771**
Number of shares		
Time-weighted average number of ordinary shares for the purposes of basic earnings per share	485,747,602	490,787,276
Adjustment for the calculation of diluted earnings per share: Share-based payment plans	6,075,375	6,294,600
Time-weighted average number of ordinary shares for the purposes of diluted earnings per share	**491,822,977**	**497,081,876**
Basic EPS (in EUR)	0.76	1.57
Diluted EPS (in EUR)	0.75	1.55

The total number of shares outstanding (excluding treasury shares) at 31 December 2023 was 486,042,837 (2022: 485,235,677).

Participants receive listed shares in the Company upon vesting and the Company has the obligation to settle/deliver the shares, diluting the shares of the Company. The conversion rates used in the earnings per share calculation are similar to the conversion rates used in the share-based payment calculations. For further details on the conversion rates and valuation techniques refer to note 7.1.

3. STRATEGIC INVESTMENTS AND DIVESTMENTS

3.1 BUSINESS COMBINATIONS

JDE Peet's applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisitions where a sequence of transactions begins with JDE Peet's gaining control, followed by acquiring additional ownership interests shortly thereafter, typical in public offers where offers are made to a group of shareholders, are accounted for as a single transaction. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and (contingent) liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

- Deferred tax assets and liabilities are recognised and measured at acquisition date in accordance with IAS 12.
- Assets and liabilities related to employee benefit arrangements are recognised and measured at acquisition date in accordance with IAS 19.
- Share-based payments arrangements are measured at acquisition date in accordance with IFRS 2.

On an acquisition-by-acquisition basis, JDE Peet's recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred over the fair value of JDE Peet's' share of the identifiable net assets acquired is recognised as goodwill. To the extent applicable, any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree are added to consideration transferred for purposes of calculating goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Key accounting estimate and judgement—The purchase price allocation includes fair values of assets and (contingent) liabilities that are based on information available at the time of determining those values. The valuation method of determining the fair value depends on the facts and circumstances relating to the specific asset and liability.

Acquisitions during 2023

During 2023, there were no new business combinations. On 24 July 2023, JDE Peet's announced that it had signed an agreement to acquire 100% of the shares in the Maratá coffee & tea business in Brazil from JAV Group. This acquisition was completed on 4 January 2024. Reference is made to note 9.6 Subsequent events. Acquisition-related costs incurred during the year amounted to EUR 2 million.

Acquisitions during 2022

On 12 July 2022, JDE Peet's acquired L2M Heritage SAS ("L2M"). Through this transaction, JDE Peet's aims to expand its portfolio in the tisane (herbal tea) and tea market, where it currently has limited market share. JDE Peet's obtained control and therefore the acquisition is considered a business combination in accordance with IFRS 3 Business Combinations. Consequently, purchase price allocations of all identifiable assets and (contingent) liabilities acquired were performed. The purchase price allocation was finalised in the financial year 2022. Acquisition-related costs amounted to EUR 2 million.

The transaction resulted in the recognition of the L2M trademark of EUR 46 million and goodwill of EUR 107 million as intangible assets. The factor contributing most to the recognition of goodwill is the growth ambition of L2M. The goodwill is not deductible for tax purposes. Since the acquisition, L2M contributed in 2022 revenue of EUR 11 million and net profit of EUR 2 million.

The following table summarises the considerations paid and the fair value of assets and (contingent) liabilities acquired at the acquisition date (in EUR million):

	L2M
Property, plant and equipment	5
Identified intangible assets	46
Cash and cash equivalents	7
Borrowings	(25)
Deferred income tax liabilities	(12)
Other net assets	3
Net assets acquired	**24**
Goodwill	107
Total consideration in cash for the acquisition	**131**
Cash consideration paid in 2022	128
Subsequent cash considerations	3
Total consideration in cash for the acquisition	**131**

If L2M would have been included in JDE Peet's results for an entire year (in the year of acquisition), the revenue and net profit would have been EUR 22 million and EUR 5 million respectively.

3.2 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill—Goodwill represents the excess of the cost of an acquisition over the fair value of the JDE Peet’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in goodwill and other intangible assets on the statement of financial position.

Goodwill is not amortised but is tested annually for impairment, or more frequently when events are identified which require an impairment test, and is carried at cost less accumulated impairment losses. Goodwill is tested on the last day of the third quarter of the fiscal year, and whenever a significant event occurs or circumstances change that might reduce the recoverable amount of the goodwill. If the recoverable amount of a cash-generating unit (“CGU”) or a group of CGUs is less than its carrying amount, the impairment loss is first allocated to goodwill. Any remaining impairment loss is allocated to all remaining assets in the CGU or group of CGUs. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to groups of CGUs for the purpose of impairment testing. The allocation is made to those groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified consistent with the operating segment before any aggregation.

Trademarks and other identifiable intangible assets—The primary identifiable intangible assets of JDE Peet's are trademarks, brands and other identifiable intangible assets, being mainly customer relationships and technologies, that were acquired in business combinations. Trademarks, brands, customer relationships and technologies are recognised at fair value at acquisition date. The useful life of an intangible asset is assessed as being either finite or indefinite. An intangible asset is regarded as having an indefinite useful life when, based on all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The term 'indefinite' does not mean 'infinite'. There is no expectation that the cash inflows generated by the asset will go on forever; instead there is no foreseeable point at which the cash inflows will cease. Trademarks with a finite useful life are based on such things as the years that this trademark is in place and cash inflows generated thus far. Trademarks, brands, customer relationships and technologies that have a definite useful life are tested when events are identified which require an impairment test. These intangibles are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks, brands, customer relationships and acquired technologies over their estimated useful lives.

Software—Software is a separately acquired intangible asset, which is initially measured at cost. After initial recognition, software should be carried at its cost less any accumulated amortisation and any accumulated impairment losses. Software is amortised on a straight-line basis over their estimated useful lives.

The estimated useful lives, which are reviewed annually and adjusted if appropriate and are presented as follows:

Trademarks & brands	10 to 30 years, or indefinite
Customer relationships	4 to 15 years
Acquired technologies	7 to 20 years
Software	1 to 8 years
Other	5 to 12 years

The movements of the goodwill and other intangibles assets are as follows (in EUR million):

	Goodwill	Trademarks and brands	Computer software	Technologies	Customer relationships	Other	Total
Balance at 1 January 2022	**12,166**	**4,445**	**58**	**107**	**162**	**2**	**16,940**
Acquisitions in business combinations	107	46	—	—	—	—	153
Capital expenditures	—	—	9	—	—	—	9
Foreign currency translation	93	22	3	(1)	—	—	117
Amortisation expense	—	(54)	(25)	(22)	(35)	(2)	(138)
Other	—	—	1	—	—	2	3
Balance at 31 December 2022	**12,366**	**4,459**	**46**	**84**	**127**	**2**	**17,084**
Cost	12,366	4,946	230	274	479	18	18,313
Accumulated amortisation	—	(487)	(184)	(190)	(352)	(16)	(1,229)
Balance at 31 December 2022	**12,366**	**4,459**	**46**	**84**	**127**	**2**	**17,084**
Capital expenditures	—	1	26	—	1	1	29
Foreign currency translation	(63)	(16)	1	—	(1)	—	(79)
Impairments[81]	—	(185)	—	—	—	—	(185)
Amortisation expense	—	(53)	(19)	(22)	(36)	(2)	(132)
Other	(3)	(2)	6	—	—	(1)	—
Balance at 31 December 2023	**12,300**	**4,204**	**60**	**62**	**91**	**—**	**16,717**
Cost	12,300	4,933	163	275	315	22	18,008
Accumulated amortisation	—	(729)	(103)	(213)	(224)	(22)	(1,291)
Balance at 31 December 2023	**12,300**	**4,204**	**60**	**62**	**91**	**—**	**16,717**

Trademarks, brands, customer relations and proprietary technology were assessed at their fair value in accordance with IFRS 3 Business Combinations following the acquisitions made by JDE Peet's. The majority of the trademarks, brands, customer relationships and proprietary technology were recognised following the acquisition of D.E MASTER BLENDERS 1753 in 2013 and the coffee businesses of Mondelez Holding in July 2015. Software relates to externally acquired software and includes costs to implement.

[81] Reference is made to section 3.3 for background on the impairment charge.

Amortisation expense is included in the income statement as follows (in EUR million):

	2023	2022
Cost of sales	(2)	(1)
Selling, general and administrative expenses	(130)	(137)
Total	**(132)**	**(138)**

At 31 December, the principal acquired brands, all of which are regarded as having indefinite useful economic lives, are as follows (in EUR million):

	2023	2022
Jacobs	1,048	1,233
Douwe Egberts	668	668
Kenco	412	412
Moccona	214	214
Peet's	193	199
Pickwick	175	175
Gevalia	134	134
Maxwell House	118	118
Pilão	14	13
Friele	42	45
Other brands	46	47
Total	**3,064**	**3,258**

3.3 IMPAIRMENT OF NON-CURRENT ASSETS

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life, such as trademarks and brands, are not subject to amortisation and are tested at least annually for impairment or when events or circumstances indicate that the carrying amount may not be recoverable. When events or circumstances indicate that an individual asset is not recoverable the asset is tested on an individual basis.

The annual impairment test is performed on the last day of the third quarter of the fiscal year or whenever a significant event occurs or circumstances change that might reduce the recoverable amount of the goodwill. Within this test, indefinite lived trademarks and brands are tested for impairment as part of the associated CGU annually. When the recoverable amount of a CGU is lower than its net book value ("NBV"), an impairment charge needs to be recognised, provided that the NBV of the CGU after impairment is not lower than zero. This impairment charge is allocated over the CGU's assets - taking into account any deferred tax consequences - whereby the indefinite lived brand is one of the assets subject to the allocation. In the allocation of the impairment charge over the CGU's assets, an asset cannot be impaired to a value lower than its FVLCD. The FVLCD of an asset is assessed at the total JDE Peet's level and not limited to a CGU. The Royalty Relief method is used to determine the FVLCD (for both the individual asset, where applicable, and annual impairment test), whereby a royalty rate is applied to the brand's forecasted revenues and discounted using the CGU-specific Weighted-Average Cost of Capital ("WACC").

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's FVLCD or value-in-use ("VIU"). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets, other than goodwill that is impaired, are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior fiscal years.

Key accounting estimate and judgement—JDE Peet's performs impairment reviews by comparing the carrying value of the CGU concerned to that cash generating unit's recoverable amount, being the higher of the VIU and FVLCD. VIU is a valuation derived from the discounted future cash flows of the CGUs. Cash flows are projected based on the approved 5-year business plan, of which the first year is aligned with the budget for the following year. The coffee price growth per year is assumed to be the expected country-specific annual long-term inflation, which is based on external sources. The cash flows after the 5-year period are extrapolated using a terminal growth rate equal to the inflation assumption to determine the terminal value. A CGU-specific pre-tax WACC was applied. The cash flow projections in the impairment assessment utilise those assumptions adopted in TCFD/TNFD and broader climate and sustainability ambitions Further disclosure is provided on these estimated initial implementation costs within Climate and nature-related risks and opportunities.

JDE Peet's reviews these estimates at least annually as of the date of each impairment test and believes them to be appropriate. However, changes in these estimates could change the outcomes of the impairment reviews and therefore affect future financial results, the effects of which would be recognised in the income statement, through operating profit.

The carrying amount of goodwill at 31 December 2023 is EUR 12,300 million (2022: EUR 12,366 million) and indefinite lived intangible assets EUR 3,064 million (2022: EUR 3,258 million). The movement over the year is explained by the impairment of the Jacobs brand and foreign currency translations related to goodwill and indefinite lived intangible assets.

In line with its objective of transitioning the portfolio of its branded products for sale in Russia solely to local brands, JDE Peet’s decided to transition the international Jacobs brand in the Russian market to the local Monarch brand. The rebranding of the Jacobs brand in Russia triggered a reassessment of the recoverable amount of this indefinitely lived intangible asset to EUR 1,048 million, which resulted in an impairment of EUR 185 million at 30 June 2023. After this impairment the brand value allocated to Russia was nil and consequently reduced the carrying value of the LARMEA segment, the level at which goodwill is tested for the countries within that segment.

The share of carrying value of the indefinite lived brands over the segments is as follows:

	2023	2022 restated
Europe	79 %	74 %
LARMEA	5 %	10 %
Peet's	8 %	8 %
APAC	8 %	8 %
Total	**100 %**	**100 %**

The operating segments CPG Europe and Out-of-Home merged into one operating segment Europe, see also note 2.1.

JDE Peet's determined that an indefinite useful life is appropriate based on an analysis of all of the relevant factors, including the long history of the brands, and because there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for JDE Peet's.

Definite trademarks and brands of JDE Peet's have remaining lives of generally 30 years from the date of acquisition. As part of the overall impairment test performed with the measurement date 30 September 2023, also the recoverability of the CGUs carrying these trademarks was assessed, concluding no impairments to be recognised.

Goodwill was determined as the difference between the purchase considerations and the fair values of the assets acquired and the (contingent) liabilities assumed. Goodwill is monitored by management at the operating segment level.

The following is a summary of goodwill allocation for each operating segment at 31 December (in EUR million):

	2023	2022 restated
Europe	9,751	9,750
LARMEA	663	673
Peet's	731	753
APAC	1,155	1,190
Total	**12,300**	**12,366**

As of the impairment testing date at 30 September 2023, the recoverable amount was determined based on the VIU. The calculations used pre-tax cash flow projections based on financial budgets approved by management covering the years through 31 December 2028.

Terminal growth rates

The long-term growth rate is equal to the long-term annual inflation rate specific to the asset or CGU. For some intangible assets, management expects to achieve growth driven by sales, marketing and distribution expertise, which is significantly in excess of the terminal growth rates for the applicable countries or regions. In these circumstances, the recoverable amount is calculated based on the following inputs: the annual growth rate of the country’s gross domestic product, aggregated with its inflation rate and adjusted according to the specific asset or CGU.

In order to calculate terminal value, a terminal growth rate is used. This rate is equal to the long-term annual inflation rate of the country. For brands, the assumptions are based on a weighted-average taking into account the country or countries where sales are made. The key assumptions (pre-tax discount rates, terminal growth rates and EBITDA margin growth) used to calculate the VIU for impairment testing are included in the following table (in percentage):

	2023			2022 restated		
	Pre-tax discount rate	Terminal growth rate	EBITDA margin growth	Pre-tax discount rate	Terminal growth rate	EBITDA margin growth
Europe	9.8 - 16.2%	1.7%	0.6%	8.2 - 16.7%	1.7%	1.5%
LARMEA	10.1 - 28.4%	3.1%	1.5%	8.4 - 31.9%	3.5%	1.7%
Peet's	9.4%	2.5%	8.8 - 10.8%	8.7%	2.5%	13.8%
APAC	10.5 - 11.1%	1.8%	0.7%	8.9 - 9.9%	1.8%	0.9%

The discount rate is the pre-tax rate of the weighted-average cost of capital. Inputs used to calculate, include cost of equity (calculated using the risk-free rate, systematic market risk and risk premium) and cost of debt (yield to maturity on debt). The terminal growth rate was determined to be 2.0% for JDE and 2.5% for Peet's (2022: 2.1% for JDE and 2.5% for Peet's). The WACC includes an additional risk premium in relation to the realisation of the cash flow projections.

Management performed sensitivity analyses around the key assumptions. Management believes that no reasonable possible changes in key assumptions would cause, in isolation, the recoverable amount of the significant cash generating units to be less than the carrying value. Specific consideration was given to the value of the Russian business within the LARMEA segment. The ongoing war in Ukraine and the related geopolitical and macroeconomic circumstances (see note 1.6), increase the level of estimation uncertainty associated with the Russian country-risk premiums and underlying business assumptions. Specific analyses were performed, including additional sensitivity analysis, which did not change the above conclusion.

3.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at historical cost, less accumulated depreciation and any impairment losses. The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs including, for qualifying assets, capitalised borrowing costs and asset retirement obligations. Leasehold improvements and other property additions and improvements are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to JDE Peet's and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised at the time it is disposed and charged to expense. All repair and maintenance costs are charged to expense as incurred.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, except land and assets under construction which are not depreciated. JDE Peet's believes that the wear and tear on each category of assets is spread evenly over the useful life. The estimated useful lives, which are reviewed annually and adjusted if appropriate, are presented as follows:

Buildings and improvements	up to 40 years
Leasehold improvements	10 to 20 years
Machinery and equipment	up to 25 years

The assets' residual values are reviewed annually and adjusted, if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognised in the income statement within selling, general and administrative expenses. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Key accounting estimate and judgement—With respect to impairment of long lived assets, judgements are made related to the expected useful lives of long-lived assets and their ability to realise undiscounted cash flows in excess of the carrying amounts of such assets which are affected by factors such as the ongoing maintenance and improvements of the assets, changes in economic conditions and changes in operating performance. In assessing the remaining useful lives JDE Peet's concluded that there is no material impact from climate risk.

The composition of property, plant and equipment is as follows (in EUR million):

	Note	2023	2022
Property, plant and equipment - owned assets	3.4.1	1,475	1,502
Right of use assets	3.4.2	244	238
Total		**1,719**	**1,740**

3.4.1 PROPERTY, PLANT AND EQUIPMENT - OWNED ASSETS

The movements of the property, plant and equipment are as follows (in EUR million):

	Land and buildings	Machinery and equipment	Assets under construction	Other	Total
Balance at 1 January 2022	**461**	**803**	**175**	**14**	**1,453**
Acquisitions in business combinations	3	1	1	—	5
Capital expenditures	26	81	130	2	239
Disposals/other	(10)	(20)	—	—	(30)
Impairment	(1)	(3)	(1)	—	(5)
Foreign currency translation	9	5	1	—	15
Depreciation expense	(36)	(156)	—	(3)	(195)
Transfers	(1)	139	(120)	2	20
Balance at 31 December 2022	**451**	**850**	**186**	**15**	**1,502**
Cost	764	1,850	186	67	2,867
Accumulated depreciation	(313)	(1,000)	—	(52)	(1,365)
Balance at 31 December 2022	**451**	**850**	**186**	**15**	**1,502**
Capital expenditures	17	107	147	1	272
Disposals/other	(1)	(7)	—	—	(8)
Impairment	(15)	(29)	(7)	—	(51)
Foreign currency translation	(13)	(20)	(12)	(1)	(46)
Depreciation expense	(30)	(162)	—	(3)	(195)
Transfers	17	85	(103)	2	1
Balance at 31 December 2023	**426**	**824**	**211**	**14**	**1,475**
Cost	737	1,884	211	64	2,896
Accumulated depreciation	(311)	(1,060)	—	(50)	(1,421)
Balance at 31 December 2023	**426**	**824**	**211**	**14**	**1,475**

Assets under construction primarily relate to production lines and buildings.

The impairment charge recognised in 2023 mainly related to the intended closure of the production and research & development operations in Banbury, United Kingdom.

3.4.2 RIGHT OF USE ASSETS

The movements of the right-of-use assets are as follows (in EUR million):

	Right-of-use real estate	Right-of-use vehicles	Right-of-use other	Total
Balance at 1 January 2022	**191**	**35**	**7**	**233**
Recognition right-of-use asset	65	12	—	77
Remeasurement/other	(3)	—	—	(3)
Foreign currency translation	7	1	—	8
Depreciation expense	(58)	(18)	(3)	(79)
Transfers	—	1	1	2
Balance at 31 December 2022	**202**	**31**	**5**	**238**
Cost	361	76	13	450
Accumulated depreciation	(159)	(45)	(8)	(212)
Balance at 31 December 2022	**202**	**31**	**5**	**238**
Recognition right-of-use asset	76	13	1	90
Impairments	(1)	—	—	(1)
Remeasurement/other	(2)	(2)	—	(4)
Foreign currency translation	(4)	(1)	(2)	(7)
Depreciation expense	(61)	(13)	(1)	(75)
Transfers	—	2	—	2
Balance at 31 December 2023	**211**	**30**	**3**	**244**
Cost	416	75	13	504
Accumulated depreciation	(205)	(45)	(10)	(260)
Balance at 31 December 2023	**211**	**30**	**3**	**244**

Depreciation expense included in the income statement for the period is as follows (in EUR million):

	2023	2022
Cost of sales	(199)	(199)
Selling, general and administrative expenses	(71)	(75)
Total	**(270)**	**(274)**

JDE Peet's leases various offices, warehouses, coffee stores, equipment and vehicles. Expenses for short-term leases, low value leases and variable lease payments amounted to EUR 20 million (2022: EUR 30 million) and were charged to the income statement. There are no significant lease commitments for leases not commenced at year-end.

JDE Peet's incurred interest expenses on the lease liability of EUR 9 million (2022: EUR 9 million). For lease liabilities, refer to note 5.2. and for the contractual maturity analysis of lease liabilities refer to note 6.4.

The total cash outflow for leases amounted to EUR 106 million (2022: EUR 111 million).

4. WORKING CAPITAL

4.1 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out method and includes the impact of rebates, discounts and other cash consideration received from a vendor related to inventory purchases and the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, and other direct costs, including transportation costs incurred in bringing inventories to their location immediately prior to external sale, and condition and related production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses (i.e. less all estimated costs of completion and costs necessary to make the sale). In addition, inventories include coffee machines that have not yet been leased.

The composition of inventories is as follows (in EUR million):

	2023	2022
Raw materials (including packaging)	560	724
Work in progress	191	165
Finished goods (including Out-of-Home machines)	534	496
	1,285	**1,385**
Provision for write downs	(37)	(29)
Total	**1,248**	**1,356**

The amount added to the provision is EUR 8 million (2022: EUR 3 million). Reference is made to note 2.3 for the amount of inventories directly recognised as an expense during the period.

4.2 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in 12 months or less, they are classified as current. If not, then they are presented as non-current assets. Trade receivables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment.

The composition of trade and other receivables is as follows (in EUR million):

	2023	2022
Trade receivables	563	644
Provision for impairment of trade receivables	(25)	(26)
Trade receivables—net	**538**	**618**
Prepaid non-income taxes	94	106
Advance to related parties	1	1
Prepaid assets	54	57
Lease receivable	2	3
Deposits	6	4
Other	34	39
Total	**729**	**828**

The charge to and release of the provision for impaired receivables are included in selling, general and administrative expenses in the income statement, whereby receivables are all assessed on an individual basis. During 2023, an amount of EUR 5 million was charged to the income statement (2022: EUR 8 million) whereby an amount of EUR 4 million was released (2022: EUR 8 million). Amounts charged to the provision are generally written-off when there is no expectation of recovering.

As of 31 December 2023, an amount of EUR 66 million (2022: EUR 22 million) was past due, of which EUR 19 million was due more than 30 days (2022: EUR 13 million). Trade receivables not past due at 31 December 2023, were fully performing. Information about the impairment of trade receivables and exposure to credit risk, market risk and liquidity risk can be found in note 6 Financial risk management.

The carrying amount of the trade and other receivables is considered a close approximation of their fair value due to their short maturity.

4.3 TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that were acquired in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Key accounting estimate and judgement

In evaluating whether liabilities to suppliers who participate in a supply chain finance initiative, utilise notices of assignment, or act as intermediaries, qualify as trade payables (as opposed to borrowings) judgement is required as such arrangements could contain characteristics of both. JDE Peet's considers elements such as changes in the contractual relationship with the supplier, whether any seniority or collateral is granted on the amounts payable to the supply chain finance party, and the extent to which extended payment terms are customary.

Given the customary length of payment terms in the coffee & tea business, it is not uncommon for suppliers of JDE Peet's to use notices of assignment programmes of financial institutions. Such notices of assignment are all initiated by, and at the discretion of, the suppliers, and do not change the nature, terms and conditions, or payment terms of the amounts owed by JDE Peet's. Therefore, such arrangements of suppliers do not modify JDE Peet's' classification of the trade payables.

Estimates are made in the determination of marketing (trade promotion) accruals. When trade promotions are provided to customers, these reduce the transaction price and consequently the revenue. The conditional discounts in revenue (refer to note 2.2) are estimated based on accumulated experience supported by historical and current sales information. Expected sales volumes are determined taking into account (historical) sales patterns and other relevant information. A trade promotion accrual is recognised for expected volume and year-end trade promotions payable to customers in relation to sales made until the end of the reporting period.

The composition of trade and other payables is as follows (in EUR million):

	2023	2022
Trade payables	3,358	3,858
Accrued payroll and benefits	177	175
Accrued trade promotion	269	299
Non-income taxes payable	67	48
Deferred revenue: contract liability	29	29
Dividend payable	170	170
Other accrued expenses	155	125
Total	**4,225**	**4,704**

The carrying amount of the trade and other payables is considered a close approximation of their fair value due to their short-term maturity.

Certain suppliers are offered the opportunity to use supply chain financing arrangements (“SCF”), which allows them to collect the receivable before the invoice date. Supply contracts are evaluated against a number of indicators to assess whether the payables hold the characteristics of a trade payable or should be classified as borrowings. At 31 December 2023 and 2022 none of the payables subject to SCF met the criteria to be classified as borrowings. The amount outstanding under SCF at 31 December 2023 amounted to EUR 493 million (2022: EUR 431 million).

Separately, JDE Peet's has contracts with intermediaries, with an outstanding amount at 31 December 2023 of nil (2022: EUR 4 million), which includes financing elements. These contracts qualify as trade payables. The related transactions under SCF and the supply contracts are reflected under cash flows from operating activities.

During the Annual General Meeting of Shareholders on 25 May 2023, a dividend of EUR 0.70 per share was approved, payable in two instalments of EUR 0.35 on 14 July 2023 and 26 January 2024.

5. CAPITAL STRUCTURE

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor and customer confidence and to ensure future development of its business. The Company focuses on keeping a strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowing, if required, without impacting the risk profile of the Company. In May 2022, JDE Peet's repurchased EUR 500 million of ordinary shares from of Mondelēz International Holdings Netherlands B.V. ("Share buyback transaction"). The majority of these shares were cancelled on 28 July 2023. Other than this, there were no major changes made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The capital structure is reviewed on a regular basis. The capital structure consists of net debt, which includes the borrowings disclosed in note 5.2, net of cash and cash equivalents and equity attributable to the shareholders of the Company, comprising issued share capital, reserves and retained earnings.

The capital structure is managed and adjusted in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company is not subject to any externally imposed capital requirements other than the legal reserves.

5.1 SHAREHOLDERS' EQUITY

Translation reserve—The translation reserve comprises foreign currency differences arising from the translation of the assets and liabilities of foreign operations (excluding amounts attributable to non-controlling interests) as well as value changes of the hedging instruments in the net investment hedges.

Hedging reserve—This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Other reserves—These reserves relate to the movements in share-based payments and retirement benefit obligations, Accounting Policy is described within the respective section above.

Share capital and premium

The authorised share capital amounts to EUR 20,000,000, consisting of 2,000,000,000 shares, and is divided into 1,000,000,000 ordinary shares with a nominal value of EUR 0.01 each and 1,000,000,000 preference shares with a nominal value of EUR 0.01 each.

The number of outstanding shares (excluding treasury shares) and nominal value for the years ended 31 December 2023 and 2022 can be summarised as follows (value is stated in EUR million):

	Number of outstanding shares at 31 December 2023	Number of outstanding shares at 31 December 2022	Value in EUR million 2023	Value in EUR million 2022
Ordinary shares	486,042,837	485,235,677	9,590	10,002
Total share capital and share premium	**486,042,837**	**485,235,677**	**9,590**	**10,002**

No preference shares were outstanding at 31 December 2023 and 31 December 2022.

Holders of common shares are entitled to dividend distributions as declared from time to time. The Company may only make distributions to its shareholders if its equity exceeds the amount of the paid-in and called-up part of the issued capital plus the reserves as required to be maintained by the Articles of Association (if any) or Dutch law.

Movements in issued and outstanding ordinary shares (Nominal value, share premium and total in EUR million):

	Note	Number of outstanding shares	Nominal value	Share premium	Total
Balance at 1 January 2022		**501,951,089**	**5**	**9,975**	**9,980**
Issuance of shares	(i)	1,858,139	—	22	22
Share buy-back	(ii)	(18,573,551)	—	—	—
Balance at 31 December 2022		**485,235,677**	**5**	**9,997**	**10,002**
Issuance of shares	(i)	807,160	—	—	—
Cancellation treasury shares		—	—	(412)	(412)
Balance at 31 December 2023		**486,042,837**	**5**	**9,585**	**9,590**

In 2023, 807,160 shares were released from the treasury shares to settle vested share-based payment plan (2022: 1,063,371 shares). More information on the share-based payment plans can be found in note 7.1 Share-based payments. In 2022, 751,849 shares were issued as part of the transaction with Olivier Goudet. More information on this transaction can be found in note 7.2 Related party transactions.

In May 2022, JDE Peet's executed a share repurchase for a total amount of EUR 500 million. The shares were purchased from its shareholder Mondelez International Holdings Netherlands B.V. ("MDLZ") at a price per share equal to the market closing price on Friday 6 May 2022.

Treasury shares

The remaining treasury shares at 31 December 2022, acquired in the buyback transaction, were presented to the shareholders at the 2023 Annual General Meeting for approval to cancel the majority of these shares. On 25 May 2023, the Annual General Meeting of JDE Peet's resolved to cancel 15.3 million treasury shares. This cancellation came into effect on 28 July 2023.

Movements in treasury shares (Nominal value in EUR million):

	Number of issued shares	Nominal value
Balance at 1 January 2022	**—**	**—**
Acquisition of shares through share buyback	18,573,551	(500)
Release of treasury shares	(1,063,371)	29
Balance at 31 December 2022	**17,510,180**	**(471)**
Release of treasury shares	(807,160)	21
Cancellation of treasury shares	(15,300,000)	412
Balance at 31 December 2023	**1,403,020**	**(38)**

Non-controlling interest

JDE Peet's consolidates JDE, with a 0.16% (2022: 0.25%) non-controlling interest and Peet's with a 1.75% (2022: 1.78%) non-controlling interest. All other subsidiaries are fully owned or the non-controlling interests are not material. As the non-controlling interest is not material in 2023 and 2022, the financial information attributable to non-controlling interests is not disclosed.

5.2 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

An exchange of debt instruments or modification of terms is accounted for as a substantial modification or non-substantial modification. For both a non-substantial and substantial modification, a gain or loss is recognised at the time of recognition. When accounted for as a non-substantial modification, the gain or loss is determined using the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate. When accounted for as a substantial modification, the original financial liability is derecognised and a new financial liability is recognised at fair value.

Borrowing facilities of JDE Peet's through the years 2022 and 2023 are summarised in the following tables (in EUR million):

	Currency	31 December 2021	Business combinations	Unwinding discount	Additions	Repaid	Amortisation	Recognition of lease liability	Currency translation	31 December 2022
Unsecured notes - EU	EUR	3,089	—	—	—	—	2	—	—	3,091
Unsecured notes - US	USD	1,533	—	—	—	—	1	—	95	1,629
JDE: Other financing	Various	32	25	—	21	(64)	—	—	—	14
Short-term facility	EUR	—	—	—	150	(150)	—	—	—	—
Leases	Various	250	—	9	—	(81)	(6)	77	7	256
Unamortised discounts and costs	Various	(29)	—	—	—	—	6	—	—	(23)
Total borrowings		**4,875**	**25**	**9**	**171**	**(295)**	**3**	**77**	**102**	**4,967**
Non-current		4,784								4,888
Current		91								79

	Currency	31 December 2022	Business combinations	Unwinding discount	Additions	Repaid	Amortisation	Recognition of lease liability	Currency translation	31 December 2023
Unsecured notes - EU	EUR	3,091	—	—	995	—	2	—	—	4,088
Unsecured notes - US	USD	1,629	—	—	—	—	1	—	(49)	1,581
JDE: Other financing	Various	14	—	—	—	(3)	—	—	(3)	8
Leases	Various	256	—	12	—	(86)	(5)	91	(7)	261
Unamortised discounts and costs	Various	(23)	—	—	(6)	—	6	—	—	(23)
Total borrowings		**4,967**	**—**	**12**	**989**	**(89)**	**4**	**91**	**(59)**	**5,915**
Non-current		4,888								5,388
Current		79								527

Unsecured notes

In June 2021, the Company announced the establishment of a Euro Medium Term Note ("EMTN") programme for a total amount of EUR 5,000 million under which three euro notes were issued on 16 June 2021 for EUR 2,000 million on the euro MTF market of the Luxembourg Stock Exchange, with the following conditions:

Notes	Pricing	Maturity	Issued amount	Initial fair value
Note 2026	0.000% interest	4.6 years	EUR 750 million	EUR 746 million
Note 2029	0.500% interest	7.6 years	EUR 750 million	EUR 745 million
Note 2033	1.125% interest	12.0 years	EUR 500 million	EUR 499 million

In September 2021, the Company issued USD 1,750 million aggregate principals of notes under rule 144A and Regulation-S, under the Securities Act of 1933 and as a result are not listed on an exchange and consequently not subject to rules applicable to the exchange, such as Sarbanes-Oxley. The notes comprise of the following three series:

Notes	Pricing	Maturity	Issued amount	Initial fair value
Note 2024	0.800% interest	3.0 years	USD 500 million	USD 499 million
Note 2027	1.375% interest	5.3 years	USD 750 million	USD 745 million
Note 2031	2.250% interest	10.0 years	USD 500 million	USD 498 million

In November 2021, the Company issued two notes under the EMTN programme:

Notes	Pricing	Maturity	Issued amount	Initial fair value
Note 2028	0.625% interest	6.3 years	EUR 600 million	EUR 597 million
Note 2025	0.244% interest	3.2 years	EUR 500 million	EUR 500 million

In December 2023, the Company issued two new notes under the EMTN programme with proceeds tol be used for general corporate purposes including the refinancing of existing financial liabilities:

Notes	Pricing	Maturity	Issued amount	Initial fair value
Note 2030	4.125% interest	6.2 years	EUR 500 million	EUR 497 million
Note 2034	4.500% interest	10.2 years	EUR 500 million	EUR 498 million

All notes were initially recognised at fair value and subsequently measured at amortised costs, the initial fair value of the notes, except for one euro tranche, was lower than their nominal value since they were offered at a discount. This discount will be amortised over the lifetime of the notes. All notes are unsecured.

Facility Agreements

JDE Peet's EUR 1,500 million revolving credit facility established in 2021 remained undrawn at 31 December 2023, similar to 31 December 2022. The agreement is unsecured and no covenants apply, however, certain sustainability targets were agreed as part of the pricing mechanism.

Other financing

Other financing refers to various trade and cash management non-committed facilities at local subsidiary level in France, Italy and Turkey. There are no restrictions or covenants on these facilities.

Additionally, since the start of the war, JDE Peet's business in Russia is operated as a stand-alone business to the greatest extent possible. As a result, a local one-year facility was set-up in December 2023 for a total amount of RUB 3 billion (equivalent to approximately EUR 30 million at 31 December 2023). The facility is unsecured and no covenants apply. At 31 December 2023, the facility remained undrawn.

Leases

The lease liabilities relate to the right-of-use assets as disclosed in note 3.4 Property, plant and equipment.

Interest rate swaps and cross-currency interest rate swaps

JDE Peet's used to have multiple interest rate and cross-currency interest rate swaps relating to the prior credit agreements and the Company's Facilities Agreement entered into on 30 March 2021. Following the full repayment of these facilities, above mentioned derivatives became ineffective. In May and June 2022 these interest rate and cross-currency interest rate swaps were terminated realising the mark to market value.

To hedge the foreign currency and US interest rate exposure associated with the US notes, cross-currency interest rate swaps were entered into and part is hedged through a net investment hedge. Hedge accounting under IFRS 9 is being applied for certain instruments, for which more information can be found in note 6 Financial risk management.

5.3 CASH AND CASH EQUIVALENTS

In the statements of financial position, cash and cash equivalents include cash on hand and other short-term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Any bank overdraft is included in trade and other payables. In the statements of cash flows, any bank overdraft is included as an offset to cash and cash equivalents.

The composition of cash and cash equivalents is as follows (in EUR million):

	2023	2022
Cash in bank and on hand	525	552
Cash equivalents	1,523	415
Total	**2,048**	**967**

At 31 December 2023 an amount of EUR 23 million was not at the free disposal of JDE Peet's (2022: EUR 50 million).

5.4 FINANCE INCOME AND EXPENSE

JDE Peet's receives finance income primarily representing interest on cash and cash equivalents, net interest income from cross-currency interest rate swaps and dividend income from equity derivatives. Interest income and expense on cashpool arrangements are considered to be an intercompany transaction and are therefore eliminated. Finance expense primarily relates to interest on borrowings and change in fair value of derivative financial instruments. The interest is recognised using the effective interest method.

Finance income and expense consist of the following (in EUR million):

	2023	2022
Interest income	91	64
Interest expense[82]	(94)	(85)
Net financing cost of financial debt	**(3)**	**(21)**
Interest income on plan assets	75	40
Interest expense on defined benefit obligation	(62)	(36)
Total pension finance (expense)/income	**13**	**4**
Foreign exchange gain/(loss)	45	(263)
Change in fair value of derivative financial instruments	(195)	348
Fair value changes financial liabilities	(3)	4
Net monetary gain/(loss)	—	(3)
Net finance expense	**(143)**	**69**

[82] Interest expense primarily includes interest on unsecured notes (2023: EUR 45 million; 2022: EUR 42 million, lease liabilities (2023: EUR 9 million; 2022: EUR 9 million), bank overdrafts (2023: EUR 4 million; 2022: EUR 4 million), amortisation expenses (2023: EUR 6 million; 2022: EUR 6 million) and interest rate swaps (2023: EUR 0 million; 2022: EUR 13 million).

6. FINANCIAL RISK MANAGEMENT

In accordance with IFRS 9, financial assets are classified into the following categories: a) amortised costs, b) fair value through profit or loss and c) fair value through OCI. Classification under IFRS 9 for investments in debt instruments is driven by JDE Peet's' model for managing financial assets and their contractual cash flow characteristics. Management determines the classification of its financial assets at their initial recognition.

Financial assets are classified as follows:

- **Financial assets at amortised cost—**Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement.
- **Financial assets at fair value through OCI—**Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at fair value through OCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from Equity to the income statement and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the income statement.
- Assets and liabilities that do not meet the criteria for amortised cost or fair value through OCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the income statement (in finance expense except for the change in fair value of commodity derivative financial instruments which are included in the cost of sales) and presented net within other gains/(losses) in the period in which it arises.

The regular purchases and sales of financial assets are recognised on the trade-date, which is the date on which JDE Peet's commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and substantially all risks and rewards of ownership were transferred. Financial assets and liabilities are offset and the net amount is recognised in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of Financial Assets—Upon initial recognition of the financial asset the expected loss is assessed. Subsequently, at the end of each reporting period it is assessed whether there is objective evidence that a financial asset or group of financial assets is impaired. The impairment model for financial assets is based on expected credit loss. A broader range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. The impairment methodology applied, depends on whether there has been a significant increase in credit risk. In applying this forward-looking approach, a distinction is made between the following categories:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’) - ‘12-month expected credit losses’ are recognised for this category.
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’) - ‘lifetime expected credit losses’ are recognised for this category.
- (‘Stage 3’) would cover financial assets that have objective evidence of impairment at the reporting date.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date for financial guarantee contracts, the exposure includes the amount drawn down at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to JDE Peet's in accordance with the contract and all the cash flows that are expected to be received, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as JDE Peet's is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that are expected to be received from the holder, the debtor or any other party.

When a loss allowance was measured for a financial instrument at an amount equal to lifetime expected credit loss ("ECL") in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

An impairment gain or loss is recognised in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through OCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

On assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, a comparison is made with the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, both quantitative and qualitative information are considered that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which JDE Peet's' debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to JDE Peet's' core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- An actual or expected significant deterioration in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor.
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, JDE Peet's presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless JDE Peet's has reasonable and supportable information that demonstrates otherwise.

JDE Peet's considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

6.1 FINANCIAL RISK FACTORS

JDE Peet's' activities are exposed to a variety of financial risks: market risk (including commodity price risk, foreign exchange risk, interest rate and equity risk), credit risk and liquidity risk. All these risks arise in the normal course of business. JDE Peet's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. To mitigate the risk from interest rates, foreign currency exchange rates, equity and commodity price fluctuations, various derivative financial instruments are used in accordance with JDE Peet's' policies and procedures.

Some of the cross-currency interest rate swaps and foreign currency components of non-derivative financial instruments are designated as hedging instruments and hedge accounting is applied. In addition, hedge accounting is applied for highly probable forecasted transactions like certain foreign currency exposures related to the purchase of commodities and investment transactions. Other derivatives are accounted for at fair value through the profit and loss. JDE Peet's does not enter into financial instruments for trading purposes and is not a party to any leveraged derivatives.

Risk management

JDE Peet's maintains risk management frameworks and control systems to monitor the foreign exchange, interest rate, equity and commodity price risk and its offsetting hedge positions. Periodically, sensitivity analyses are completed to evaluate the effect of any changes in interest rate, equity prices, commodity prices and foreign currencies and the associated risk derivatives.

6.2 MARKET RISK

Commodity price risk

Commodity price risk arises primarily from transactions related to global commodity markets. JDE Peet's' objective is to minimise the impact of commodity price fluctuations. The exposure is hedged in accordance with JDE Peet's' policies and risk management programme. The green coffee commodity risk is mainly managed at regional locations, being the US, the Netherlands, Brazil, Vietnam and Indonesia. The green coffee commodity price risk exposure of anticipated future purchases is managed primarily using futures and forward contracts, which are eventually rolled-over into physical contracts. Through these derivatives, JDE Peet's is able to fix a portion of its price for anticipated future deliveries of green coffee beans, for instance, for a specified period of time.

JDE Peet's only enters into futures contracts that are traded on established, well-recognised exchanges, named ICE and IFFE that offer high liquidity, transparent pricing, daily cash settlement and collateralisation through margin requirements.

During 2023, the Company expanded its financial hedging strategy to the coverage of other commodity price risks, such as energy and aluminium, evolving from fixed priced contracts with suppliers to (partially) variable priced contracts in combination with derivative instruments with global relationship banks in order to detach the supply from the financial risk. As a result of the short product business cycle, the majority of the anticipated future commodities transactions outstanding at the statement of financial position date are expected to occur in the next year.

The table below show the estimated impact on profit before tax and equity reserves if underlying commodity prices would have changed by 10% (commodities for which JDE Peet's held material derivative exposures at 31 December 2023 and 31 December 2022):

	Change in year-end price	Effect on profit before tax In EUR million	Effect on equity In EUR million
Coffee beans and other commodities - 2023	10%	7	—
Coffee beans and other commodities - 2023	(10)%	(7)	—
Coffee beans - 2022	10 %	33	—
Coffee beans - 2022	(10)%	(27)	—

Foreign exchange risk

JDE Peet's operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises primarily from commercial transactions such as the purchase of commodities, recognised monetary assets and liabilities and net investments in foreign operations. JDE Peet's is exposed to numerous foreign currencies. The most important ones are the US dollar and the Pound sterling.

Mainly forward exchange contracts are used to reduce the effect of fluctuating foreign currencies on foreign currency denominated transactions, third-party product-sourcing transactions and other known foreign currency exposures. Gains and losses on the derivative instruments are intended to offset gains and losses on the associated transaction in an effort to reduce the earnings volatility resulting from fluctuating foreign currency exchange rates. Forward currency exchange contracts mature either at the anticipated invoice date or at the actual payment date of the associated transaction. Most of the transactions directly relate to the business-as-usual operations, but could also relate to ad-hoc strategic transactions such as the acquisition of Maratá's coffee & tea business in Brazil announced by JDE Peet's in July 2023 and completed in 2024.

Some foreign exchange derivatives are designated as hedging instruments for accounting purposes and cash flow hedge accounting on those hedges is applied. The fair value of these hedging instruments is recognised on the consolidated statement of financial position and the effective portion of fair value changes is recognised in the cash flow hedge reserve in the consolidated statement of comprehensive income. The change in fair value on the other foreign exchange derivatives is recognised directly in the consolidated income statement.

The Company also designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk related to the net investment in a foreign operation. These instruments hedge foreign operations in multiple foreign currencies, such as the US dollar and since 2023 also the Chinese yuan. Among others, JDE Peet's is exposed to fluctuations in US dollar as a result of entering into US-dollar denominated debt instruments. Next to hedging this risk via cross-currency interest rate swaps, JDE Peet's designated several derivative and non-derivative financial instruments as hedging instruments to net investment hedges. By implementing this net investment hedge, JDE Peet's is exposed to currency translation risk resulting from fluctuations in foreign currency exchange spot rates that affect the measurement of the investment in subsidiaries which are offset by the currency exposure on the US debt instruments. Hedge accounting is applied to these net investment hedges.

A sensitivity analysis shows that if foreign exchange rates change by 10 percent profit and equity would have been affected as follows (in EUR million):

	Profit or Loss		Equity, pre-tax	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2023				
+/-10%	(77)	77	(125)	135
31 December 2022				
+/-10%	(150)	182	(202)	248

Fair value movements related to the effective part of foreign exchange and interest rate contracts that are designated in hedging relationships are recognised directly in the cash flow hedge reserve (net of tax), a separate component within Equity.

Interest rate risk

JDE Peet's is primarily financed through bonds of which part denominated in US- dollar and at fixed interest rates which reduces the risk of fluctuations in the interest rate risk on JDE Peet's. Part of the fixed unsecured US-dollar notes are swapped using cross-currency interest rate swaps with a fixed interest for which hedge accounting is applied.

At year end 2022, part of the cross-currency interest rate swaps were reset for the foreign currency component to realign the economics of the hedge with the economics of JDE Peet's net debt, settling in cash of EUR 69 million of derivative assets. From an IFRS 9 point of view the old hedge relationship is considered to be broken while a new hedge relationship is immediately setup from reset date. Therefore, the reset did not result in any additional releases to the income statement. Furthermore, in 2023 one of the hedge relationships to which hedge account was applied became ineffective, after which the results were directly recognised in profit and loss. Until the moment of ineffectiveness, the results remained in OCI until the instrument is derecognised. A loss, net of tax, of EUR 8 million was recognised in OCI during 2023 (2022: EUR 11 million gain).

The sensitivity analysis on the foreign currency component of these swaps is included in the foreign exchange section above.

Equity price risk

JDE Peet's is exposed to an equity price risk on its shares upon vesting of its share-based payment plans (refer to note 7.1 Share-based payments). This risk could negatively impact future cash flows related to these plans. To mitigate this equity price risk, JDE Peet's hedges the price risk on its shares by entering into total return equity swaps with external parties. JDE Peet's has no obligation to purchase the underlying shares of this swap transaction and is entitled to receive the dividends on these underlying shares. Upon settlement of the swap, only the fair value changes of the underlying shares will be settled. This derivative is accounted for as a financial instrument through profit and loss and does not qualify for hedge accounting. All results related to this transaction are recognised directly in the consolidated income statement. At 31 December 2023, an exposure of an equivalent of 7.2 million shares (2022: 7.2 million shares) in the Company was hedged, resulting in the recognition of a liability of EUR 49 million (2022: EUR 30 million), dividend income of EUR 5 million (2022: EUR 5 million) and an unrealised result of EUR 19 million in financial income and expense (2022: EUR 2 million).

In addition and using similar total return equity swaps with external parties, the Company started a strategic equity hedging programme in 2022 with a maximum size of EUR 500 million. The purpose of this programme is to hedge the Company’s equity price risk related to future share repurchases (either exposure under future share-based payments programmes, management equity incentive schemes, share capital reduction or other future share delivery obligations, or a mix of these), which the Company intends to in the future. As a result of these hedges, material movements in JDE Peet’s share price could result in a material unrealised gain or loss for the Company. All results related to this programme are recognised directly in the consolidated income statement. At 31 December 2023, 12.4 million (2022: 10.9 million) shares were hedged, resulting in the recognition of a liability of EUR 45 million (2022: EUR 12 million), dividend income of EUR 8 million (2022: EUR 2 million) and an unrealised result of EUR 34 million (2022: EUR 12 million) in financial income and expense.

Total return equity swap

A sensitivity analysis shows that if the underlying share price changes by 10%, the fair value of the equity derivative instruments would have changed as follows (in EUR million):

	Change in year-end price	Effect on profit before tax In EUR million
Share price - 2023	10%	48
Share price - 2023	(10)%	(48)
Share price - 2022	10 %	49
Share price - 2022	(10)%	(49)

Cash-settled share-based payment plan Peet’s

A sensitivity analysis shows that if the underlying share price of Peet’s changes by 10%, this would have changed the share based payment liability as follows (in EUR million):

	Change in year-end price	Effect on profit before tax In EUR million
Share price - 2023	10 %	3
Share price - 2023	(10)%	(3)
Share price - 2022	10 %	3
Share price - 2022	(10)%	(3)

6.3 CREDIT RISK

Credit risk arises because a counterparty may fail to perform its obligations. JDE Peet's is exposed to credit risk on financial instruments such as cash, derivative assets and trade receivables. Concentration of credit risk is avoided by managing financial assets across several institutions and sectors.

In relation to financial instruments, agreements are entered into with counterparties that meet stringent credit standards (at minimum investment grade), the amount of agreements or contracts it enters into with any party is limited and, where legally available, executed through master netting agreements. These positions are continuously monitored. In situations where a counterparty does not meet the minimum credit rating requirement the outstanding exposure with such counterparty is closely monitored and maintained at an absolute minimum. While JDE Peet's may be exposed to credit losses in the event of non-performance by individual counterparties, it has not recognised any losses with these counterparties in the past and does not anticipate material losses in the future.

All of JDE Peet's' derivative instruments, with the exception of exchange traded coffee futures, are governed by International Swaps and Derivatives Association master agreements. JDE Peet’s' trade receivables are subject to credit limits, controls and approval procedures. Due to its large geographic base and number of customers, JDE Peet's is not exposed to material concentrations of credit risk on its trade receivables. Nevertheless, commercial counterparties are monitored on a continuous basis. The maximum exposure to credit risk resulting from financial activities, without considering netting agreements and without taking into account any collateral held or other credit enhancements, is equal to the carrying amount of the financial assets.

6.4 LIQUIDITY RISK

Liquidity risk arises when a company encounters difficulties to meet commitments associated with liabilities and other payment obligations. Such risk may result from inadequate market depth or disruption or refinancing problems. Liquidity risk is managed by maintaining adequate reserves and banking facilities and by closely monitoring forecasted and actual cash flows and, where possible, matching the maturity profiles of financial assets and liabilities. Seasonality of operating cash flows, which includes the payable extension programme (refer to note 4.3 Trade and other payables for more details) and structured payables, could impact short-term liquidity.

JDE Peet’s strong risk management framework include continuous liquidity forecasting and planning, with advanced and punitive stress-testing. At 31 December 2023, the Company's liquidity position remained strong, with total liquidity of EUR 3.5 billion consisting of a cash position of EUR 2.0 billion (excluding restricted cash) and an undrawn committed Revolving Credit Facility of EUR 1.5 billion. Note 9.5 discloses the commitments at 31 December 2023.

The following disclosure details JDE Peet’s' remaining contractual maturities for its non-derivative and derivative financial liabilities with agreed repayment periods. The disclosures have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which JDE Peet's can be required to pay. The disclosures include both interest and principal cash flows and were restated for the comparative figures to exclude any offsetting cash inflows from derivative financial instruments.

To the extent that interest rates are floating, the undiscounted amount is based on the (forward) interest rates at the end of 31 December 2023 and 31 December 2022, respectively.

At 31 December 2023 (in EUR million):

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total	Carrying amount
Financial liabilities						
Borrowings (excluding unamortised discounts and costs):						
Unsecured notes	5.2	(491)	(2,787)	(2,893)	(6,171)	(5,669)
Lease liabilities	5.2	(79)	(176)	(31)	(286)	(261)
Other financing	5.2	(5)	(3)	—	(8)	(8)
Trade and other payables (excluding deferred revenue)	4.3	(4,196)	—	—	(4,196)	(4,196)
Total		**(4,771)**	**(2,966)**	**(2,924)**	**(10,661)**	**(10,134)**
Derivative financial liabilities						
Foreign currency derivatives	6.7	(63)	(13)	—	(76)	(76)
Commodity derivatives	6.7	(1)	(2)	—	(3)	(3)
Net interest rate derivatives	6.7	—	—	(47)	(47)	(25)
Total return equity swap derivatives	6.7	(122)	—	—	(122)	(94)
Total		**(4,957)**	**(2,981)**	**(2,971)**	**(10,909)**	**(10,332)**

At 31 December 2022 (in EUR million):

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total	Carrying amount
Financial liabilities						
Borrowings (excluding unamortised discounts and costs):						
Unsecured notes	5.2	(38)	(1,823)	(3,133)	(4,994)	(4,720)
Lease liabilities	5.2	(87)	(175)	(28)	(290)	(256)
Other financing	5.2	(8)	(4)	—	(12)	(14)
Trade and other payables (excluding deferred revenue)	4.3	(4,675)	—	—	(4,675)	(4,675)
Total		**(4,808)**	**(2,002)**	**(3,161)**	**(9,971)**	**(9,665)**
Derivative financial liabilities						
Foreign currency derivatives	6.7	(90)	—	—	(90)	(90)
Commodity derivatives	6.7	(6)	—	—	(6)	(6)
Total return equity swaps	6.7	(18)	(54)	—	(72)	(43)
Total		**(4,922)**	**(2,056)**	**(3,161)**	**(10,139)**	**(9,804)**

6.5 FAIR VALUE ESTIMATION

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used to determine fair value, financial instruments are classified into the three levels as prescribed under IFRS. An explanation of each level follows below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1")
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) ("Level 2")
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) ("Level 3").

The commodity coffee futures and unsecured notes are valued using Level 1 valuation methods. Substantially all of the other derivative assets and liabilities are valued using Level 2 valuation methods. Share-based payments are valued using Level 2 and Level 3 valuation methods, for details on this valuation see note 7.1 Share-based payments.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fairly value an instrument are observable, the instrument is included in Level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value
- The fair value of total return equity swap is calculated based on the share price at the reporting date versus the average price for which the shares have been purchased times the volume purchased.

Management believes that the carrying amount of all other financial assets and financial liabilities recognised in the statement of financial position approximates its fair value. Unsecured notes, initially accounted for at fair value and subsequently at amortised cost, classify as Level 1, as these instruments are traded with publicly available prices. Other borrowings, initially accounted for at fair value and subsequently at amortised cost, classify as Level 2, as no similar instrument is available due to the specific profiles of the instruments.

The following tables present the assets and liabilities of JDE Peet's that are measured at fair value at 31 December 2023 and 31 December 2022, respectively.

At 31 December 2023 (in EUR million):

	Note	Level 1	Level 2	Level 3	Total
Assets					
Interest rate contracts	6.7	—	15	—	15
Foreign exchange contract	6.7	—	56	—	56
Commodity contracts	6.7	2	—	—	2
Total assets		**2**	**71**	**—**	**73**
Liabilities					
Unsecured notes - EU	5.2	4,088	—	—	4,088
Unsecured notes - US	5.2	1,581	—	—	1,581
Borrowings	5.2	—	246	—	246
Share-based payment liability	9.4	—	—	8	8
Management-owned shares liability	9.4	—	—	26	26
Interest rate contracts	6.7	—	25	—	25
Foreign exchange contracts	6.7	—	76	—	76
Commodity contracts	6.7	3	—	—	3
Total return equity swaps	6.7	—	94	—	94
Total liabilities		**5,672**	**441**	**34**	**6,147**

At 31 December 2022 (in EUR million):

	Note	Level 1	Level 2	Level 3	Total
Assets					
Interest rate contracts	6.7	—	46	—	46
Foreign exchange contracts	6.7	—	22	—	22
Commodity contracts	6.7	4	—	—	4
Total return equity swaps	6.7	—	2	—	2
Total assets		**4**	**70**	**—**	**74**
Liabilities					
Unsecured notes - EU	5.2	3,091	—	—	3,091
Unsecured notes - US	5.2	1,629	—	—	1,629
Borrowings	5.2	—	247	—	247
Share-based payment liability	9.4	—	—	17	17
Management-owned shares liability	9.4	—	—	25	25
Foreign exchange contracts	6.7	—	90	—	90
Commodity contracts	6.7	6	—	—	6
Total return equity swaps	6.7	—	43	—	43
Total liabilities		**4,726**	**380**	**42**	**5,148**

There were no transfers between different levels during 2023 and 2022.

6.6 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets subject to offsetting at 31 December 2023 (in EUR million):

	Financial instruments		Financial instruments		Trade receivables
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Current assets
Gross amount recognised in financial instruments	16	57	41	157	690
Gross amount offset	—	—	—	—	(127)
Net amount	**16**	**57**	**41**	**157**	**563**
Related amounts not offset in the statement of financial positions					
Gross financial instruments	(25)	(100)	25	100	—
Cash collateral – not offset	—	7	—	—	—
Net financial instruments	**(25)**	**(93)**	**25**	**100**	**—**

Financial assets subject to offsetting at 31 December 2022 (in EUR million:)

	Financial instruments		Financial instruments		Trade receivables
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Current assets
Gross amount recognised in financial instruments	46	28	—	139	631
Gross amount offset	—	—	—	—	(101)
Net amount	**46**	**28**	**—**	**139**	**530**
Related amounts not offset in the statement of financial positions					
Gross financial instruments	46	(111)	(46)	111	—
Cash collateral – not offset	—	35	—	—	—
Net financial instruments	**46**	**(76)**	**(46)**	**111**	**—**

6.7 DERIVATIVE FINANCIAL INSTRUMENTS

JDE Peet's uses derivative financial instruments, including forward exchange contracts, futures, commodity arrangements, interest rate swaps, total return equity swaps, net investment hedges and cross currency interest rate swaps in order to manage exposures from foreign exchange, commodity prices, equity prices and interest rate risks. The use of these derivative financial instruments intends to reduce the risk or cost and are in accordance with JDE Peet's financial policy and governance framework. Derivatives are not used for trading or speculative purposes and JDE Peet's is not a party to leveraged derivatives. Maturity of the foreign exchange and commodity derivatives is primarily within one year.

JDE Peet's applies the hedge accounting requirements in IFRS 9. Derivatives are initially recognised at fair value through profit and loss on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss from the measurement depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. To qualify for hedge accounting, the hedge relationship must meet all of the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Hedge accounting is applied to certain derivatives to remove the accounting mismatch between the hedging instrument and hedged item.

At inception of the transaction, the relationship is documented between hedging instruments and hedged items when hedge accounting is applied. In addition to this, the risk management objectives and strategy for undertaking various hedging transactions are documented when hedge accounting is applied. In case hedge accounting is applied, the value of the assessment whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value of the hedge items is performed and documented, both at hedge inception and on an ongoing basis.

The fair values of the derivative instruments are disclosed in note 6.5 Fair value estimation. Derivatives are classified as current when the settlement date is within 12 months from the period-end and all other derivatives as non-current in the statement of financial position. The change in fair value of commodity derivatives is recognised within cost of sales and the movement of all other derivatives within finance expense in the income statement unless hedge accounting is applied.

Fair value hedge—The changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow hedge—Fair value movements of hedging instruments in a designated effective cash flow hedge are recognised directly in the cash flow hedge reserve (net of tax), a separate component within OCI, net of the foreign exchange and interest effective to the period.

Amounts accumulated in OCI are reclassified to the income statement in the periods when the hedged item affects profit or loss. Ineffectiveness on cash flow hedges is recognised where the cumulative change in the designated component value of the hedging instruments exceeds, on an absolute basis, the change in value of the hedged items attributable to the hedged risk. The gain or loss as a result of ineffectiveness is recognised in the income statement within Finance expense. When the forecasted transaction that is hedged, results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses that were recognised in OCI are transferred from OCI and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time remains in OCI and is recognised when the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was recognised in OCI is immediately transferred to the income statement within Finance expense.

Net investment hedges—JDE Peet's partly mitigates exposures from its investments in foreign operations by using both derivative and non- derivative financial instruments as hedging instruments. Hedges of a net investment in foreign operations are accounted for in a similar way as cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in the currency translation reserve (equity component). The gain or loss relating to the ineffective portion is recognised in the income statement. When a net investment in foreign operation is (partly) disposed of, the amount in the currency translation reserve is (partly) released in the income statement.

At 31 December 2023 the notional amount of the USD notes included in the net investment hedge was USD 500 million (2022: USD 500 million). The translation result of this part of the USD notes was recognised in the currency translation reserve within Equity and amounted to a gain of EUR 14 million (2022: loss EUR 28 million). In 2023 JDE Peet's partly hedged their CNY investment in foreign operations with a cross currency swap of CNY 231 million.

Key accounting estimate and judgement—The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using the Discounted Cash Flow method. Judgement is used to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Information on the classification and fair values of derivatives in the statement of financial position at 31 December 2023 is as follows (in EUR million):

	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Derivatives designated as hedging instruments:				
– Interest rate contracts	—	15	—	16
– Foreign exchange contracts	3	—	14	—
Sub-total	**3**	**15**	**14**	**16**
Derivatives not designated as hedging instruments:				
– Interest rate contracts	—	—	—	9
– Foreign exchange contracts	52	1	48	14
– Commodity contracts	2	—	1	2
– Total return equity swap contracts	—	—	94	—
Sub-total	**54**	**1**	**143**	**25**
Total	**57**	**16**	**157**	**41**

	Interest rate contracts	Foreign exchange contracts	Commodity contracts	Total return equity swap contracts	Total
Derivatives not designated as hedging instruments:					
Amount of gain (loss) recognised in cost of sales	—	—	70	—	70
Amount of gain (loss) recognised in finance income/expense	(48)	(95)	—	(53)	(196)
Amount of gain (loss) recognised in selling, general and administrative expenses	—	—	—	—	—

Information on the classification and fair values of derivatives in the statement of financial position at 31 December 2022 is as follows (in EUR million):

	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Derivatives designated as hedging instruments:				
– Interest rate contracts	—	46	—	—
– Foreign exchange contracts	—	—	40	—
Sub-total	**—**	**46**	**40**	**—**
Derivatives not designated as hedging instruments:				
– Foreign exchange contracts	22	—	50	—
– Commodity contracts	4	—	6	—
– Total return equity swap contracts	2	—	43	—
Sub-total	**28**	**—**	**99**	**—**
Total	**28**	**46**	**139**	**—**

	Interest rate contracts	Foreign exchange contracts	Commodity contracts	Total return equity swap contracts	Total
Derivatives not designated as hedging instruments:					
Amount of gain (loss) recognised in cost of sales	—	—	(16)	—	(16)
Amount of gain (loss) recognised in finance income/expense	159	206	—	(13)	352
Amount of gain (loss) recognised in selling, general and administrative expenses	—	—	—	—	—

7. GOVERNANCE

7.1 SHARE-BASED PAYMENTS

The plans partially qualify as equity-settled and partially as cash-settled.

Equity-settled—JDE Peet's operates a number of equity-settled share-based payment plans, under which it receives services from directors and employees as consideration for equity instruments. For these plans, JDE Peet's does not have a present obligation to settle in cash or an obligation to repurchase the equity instruments.

The total amount to be expensed for services received is determined by reference to the grant date fair value of the share-based payment award made. For this purpose, analyses are made whether the price paid by a participant, if any, is in line with the market price of the underlying shares at the grant date. If a positive difference exists between (i) the actual market value of the shares and (ii) the purchase price; this results in a fair value to be recognised as a share-based payment expense.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest, with a corresponding credit to the share-based payment reserve within Equity. Compensation expense is recognised on a straight-line basis from the beginning of the service period, even when the grant date is subsequent to the service commencement date. During the period between service commencement date and grant date, the share-based payment expense recognised is based on an estimated grant date fair value of the award. Once the grant date has been established, the estimated fair value is revised so that the expense recognised is based on the actual grant date fair value of the equity instruments granted. Except for investments in the Executive Ownership Plan (the Company) as of 2023, the only vesting condition for all other plans and investments is that the participant should still provide services for JDE Peet's.

When equity-settled share-based payment plans are modified to cash-settled, the share-based payment reserve is reclassified as a liability, using the share price at the date of the modification. The difference between the share price at the grant date and the fair value at the modification date for the pro-rata period since the grant date is recognised in retained earnings.

Cash-settled—If JDE Peet's has an obligation to settle in cash or an obligation to repurchase equity instruments awarded to directors or employees, the arrangement is classified as a cash-settled share-based payment arrangement. For such an arrangement, the costs are recognised on a straight-line basis over the vesting period, whereby the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in the income statement.

When cash-settled share-based payment plans are modified to equity-settled, the liability is reclassified to the share-based payment reserve within equity using the share price at the date of the modification. This share price is assumed to be the updated grant date fair value and used in determining the expense over the remaining vesting period.

Share-based payment expenses are recognised based on a number of estimated assumptions regarding forfeitures and measurement of the fair value share prices. A change in these assumptions may result in changes in the share-based payment reserve or liability in the future.

Description and amendments of Plans under which Awards were granted to Employees—Total share-based payment expenses were recognised of EUR 43.3 million in fiscal year 2023 (2022: EUR 33.4 million). The total expense, which was recognised in selling, general and administrative expenses for EUR 40.5 million (2022: 37.4 million) and a cost of EUR 2.8 million (2022: benefit of EUR 4.0 million) was recognised with Finance expense, consisted of:

- EUR 25.0 million (2022: EUR 16.2 million) related to the Company's Long-Term Incentive Share Plan and Executive Ownership Plan
- EUR 7.1 million (2022: EUR 8.7 million) related to JDE's Long-Term Incentive Share Plan, Share Purchase Plan Senior Management and Executive Ownership Plan
- EUR 11.2 million (2022: EUR 8.5 million) related to Peet's Long-Term Incentive Share plan, Executive Ownership Plan and Management Stock.

Long-Term Incentive Share Plan (the Company)

A long-term incentive plan was established, under which Restricted Stock Units ("RSUs") were awarded to executive and non-executive board members and key employees of the Company. Each RSU entitles the relevant participant to receive certain number of shares in the Company based on the value at vesting of the RSU. A modification was made in September 2023, such that for certain participants in jurisdictions where vesting in shares poses regulatory challenges, vestings may be settled in cash. For all other participants, there is no present obligation to settle in cash or to repurchase, and subsequently these RSU awards are accounted for as equity-settled. Grants made since December 2021 have a vesting period of three years and grants prior to this date have a vesting period of five years.

Executive Ownership Plan (the Company)
An Executive Ownership Plan was established, under which certain members of the Executive Committee of the Company were given the opportunity to invest in the Company through an indirect interest in JDEP Holding B.V. The investments are matched 1-for-1 and the costs are recognised over a five-year period or longer based on the service commencement date of the employee. There is no present obligation to settle in cash or to repurchase, and subsequently the RSU awards are accounted for as equity-settled. For investments made in 2023, the investment match is additionally subject to the achievement of performance conditions linked to the Company's ESG commitments.

Share Purchase Plan Senior Management (the Company)
In March 2023, a plan was introduced where Senior Management is given the opportunity to invest in shares of the Company, as a replacement of the Share Purchase Plan Senior Management (JDE). For every three shares purchased by the participant and held for a period of at least three years, the participant will be entitled to receive one RSU. Each RSU entitles the relevant participant to receive a share of the Company. This plan is governed under the same rules as the Long-Term Incentive Plan (the Company). As there is no present obligation to settle in cash or purchase the shares, this plan classified as equity-settled.

Long-Term Incentive Share Plan (JDE)
A Long-Term Incentive Share Plan was established, under which RSUs were awarded to key employees of JDE. Each RSU entitles the relevant participant to receive certain number of shares in the Company based on the value of the RSU at vesting. A modification was made in September 2023, such that for certain participants in jurisdictions where vesting in shares poses regulatory challenges, vestings may be settled in cash. For all other participants, there is no present obligation to settle in cash or to repurchase, and subsequently these RSU awards are accounted for as equity-settled. The vesting period of all grants under this plan is five years. The last grants under this plan were made in September 2021.

Executive Ownership Plan (JDE)
An Executive Ownership plan was established, under which certain members of the Executive Committee of JDE were given the opportunity to invest in JDE through an indirect share ownership in JDE Holdings Minority B.V. The investments are matched 1-for-1 and the costs recognised over a five-year period or longer based on the service commencement date of the employee. As there is no present obligation to settle in cash or purchase the shares, the EOP JDE is classified as equity-settled. No amendments were made to this plan.

Share Purchase Plan Senior Management (JDE)
Senior Management was given the opportunity to initially invest in JDE Certificates through a Foundation. For every three shares held for a period of at least five years, the participant will be entitled to receive one RSU. Each RSU entitles the relevant participant to receive the value of a JDE share, settled in an equivalent value in shares of the Company. This plan is governed under the same rules as the Long-Term Incentive Plan (JDE). During 2023, this plan was closed for new investments and replaced with the Share Purchase Plan Senior Management (the Company).

Long-Term Incentive Share Plan (Peet’s)
A Long-Term Incentive Share Plan was established, under which RSUs are awarded to key employees of Peet's. Each RSU entitles the relevant participant to receive certain number of shares based on the value at vesting of the RSU. This plan and its Options (that become exercisable subject to vesting conditions) vest in either Peet's shares or shares of the Company and partly qualifies as equity-settled and party as cash-settled. No amendments were made to this plan.

Executive Ownership Plan (Peet’s)
An Executive Ownership Plan was established, under which certain members of Senior Management of Peet's are given the opportunity to invest in Peet's through its immediate parent Peet's Inc. (“Peet’s Inc.”). The investments are matched 1-for-1 and the costs recognised over a period of four and a half years or longer, based on the service commencement date of the employee. The matching of the awards vest in either Peet's shares or shares of the Company and partly qualifies as equity-settled and party as cash-settled. No amendments were made to this plan.

Management Stock (Peet’s)
Management of Peet’s has the opportunity to invest in Peet’s shares directly or owns Peet’s shares as a result of vesting of RSUs or Options. This plan and its Options (that become exercisable subject to vesting conditions) vest in either Peet's shares or shares of the Company and partly qualifies as equity-settled and party as cash-settled. No amendments were made to this plan.

Summary of Awards Granted by Plan
Long-Term Incentive Share Plan (the Company)
Regular RSUs were granted to eligible employees in March and September 2023 and March, September and December 2022.

The value of RSUs is based on the Company's share price. This resulted in a grant date fair value of EUR 18.9 million in 2023 (2022: EUR 20.8 million) to be recognised as a share-based payment expense over the applicable vesting period, taking into account an estimated forfeiture rate between 0% and 33% of awards that will eventually vest.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 28.02 (2022: EUR 28.85).

Details of the number of RSU share awards outstanding are as follows:

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled	2022 Equity-settled
In shares of the Company				
Balance at 1 January	**—**	**2,065,221**	**—**	**1,019,081**
Granted	15,181	1,040,906	—	1,092,324
Modified	109,533	(109,533)	—	—
Forfeited	—	(109,598)	—	(46,184)
Vested	—	(21,701)	—	—
Balance at 31 December	**124,714**	**2,865,295**	**—**	**2,065,221**

Share Purchase Plan Senior Management (the Company)
A total grant date fair value of EUR 0.7 million will be recognised as a share-based payment expense over the vesting period. For the awards made under this plan, a forfeiture rate between 0% and 33% was used when estimating the number of awards that will eventually vest.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 27.47.

Details of the number of RSU share awards outstanding are as follows:

	2023
In shares of the Company	
Granted	40,225
Balance as of 31 December	**40,225**

Executive Ownership Plan (the Company)
New investments equalled a grant date fair value of EUR 4.2 million in 2023 (2022: EUR 2.0 million). The investments during 2022 are recognised as a share-based payment expense over three years, where all other investments are generally recognised over a five-year period.

The weighted-average grant date fair value at 31 December 2023 of the outstanding share awards was EUR 32.76 (2022: EUR 33.58).

Details of the number of RSU share awards outstanding are as follows:

	2023	2022
In shares in the Company		
Balance at 1 January	**1,238,800**	**1,166,598**
Granted	159,397	72,202
Balance at 31 December	**1,398,197**	**1,238,800**

The Company's Executive Committee members financed their investments through own funds, loans issued by JDE Peet's, or a combination of own funds and loans. The total amount of loans provided to the Executive Committee members with respect to the share-based payment plans is disclosed in note 7.2 Related party transactions.

Long-Term Incentive Share Plan (JDE)
As the RSUs will be settled in shares in the Company based upon the value of JDE, the fair value of an RSU award equals the estimated share value of JDE of an ordinary share at the grant date. No grants were awarded in 2023 (2022: EUR (0.2) million). An estimated forfeiture rate between 0% and 33% has been applied of awards that will eventually vest.

The latest available conversion ratio applicable to the number of JDE RSUs to be converted in shares in the Company is: 43.78.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 1,539 (2022: EUR 1,546).

Details of the number of RSU share awards outstanding are as follows:

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled	2022 Equity-settled
In shares of JDE				
Balance at 1 January	**519**	**20,740**	**519**	**27,022**
Granted	—	—	—	(197)
Modified	841	(841)	—	—
Forfeited	—	(2,404)	—	(3,033)
Vested	(648)	(3,350)	—	(3,052)
Balance at 31 December	**712**	**14,145**	**519**	**20,740**

Executive Ownership Plan (JDE)
During 2023 and 2022 no new investments were made. The latest available conversion ratio applicable to the number of JDE RSUs to be converted in shares in the Company is: 43.78.

The weighted-average grant date fair value at 31 December 2023 of the outstanding share awards was EUR 1,471 (2022: EUR 1,456).

Details of the number of share awards outstanding are as follows:

	2023	2022
In shares of the JDE		
Balance at 1 January	**9,731**	**9,731**
Forfeited	(1,893)	—
Vested	(1,942)	—
Balance at 31 December	**5,896**	**9,731**

Participants financed their investment through own funds, loans issued by JDE Peet's, or a combination of own funds and loans. The total amount of loans provided to the Executive Committee members with respect to the share-based payment plans is disclosed in note 7.2 Related party transactions.

Share Purchase Plan Senior Management (JDE)
During 2023 no new awards were granted. An estimated forfeiture rate between 0% and 33% has been applied of awards that will eventually vest.

The latest available conversion ratio applicable to the number of JDE RSUs to be converted in shares in the Company is: 43.78.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 1,434 (2022: EUR 1,406).

Details of the number of RSU share awards outstanding are as follows:

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled	2022 Equity-settled
In shares of JDE				
Balance at 1 January	**—**	**1,823**	**—**	**2,063**
Granted	—	—	—	44
Modified	10	(10)	—	—
Forfeited	—	(19)	—	(208)
Vested	—	(61)	—	(76)
Balance at 31 December	**10**	**1,733**	**—**	**1,823**

Long-Term Incentive Share Plan (Peet's)
Regular RSUs were granted to eligible employees in March and September 2023 and 2022. The vesting dates of these grants are in March and September 2026 and 2025, respectively.

As described above, this plan partly qualifies as cash-settled and partly as equity-settled.

With respect to the equity settled plans, a grant date fair value of EUR 5 million in 2023 (2022: EUR 8 million) was recognised as a share-based payment expense over the applicable vesting period of generally five years, taking into account an estimated forfeiture rate between 6% and 15% of awards that will eventually vest.

The latest available conversion ratio applicable to the number of Peet's RSUs to be converted in shares in the Company is: 5.78 with respect to the equity-settled plans.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 141 per share (2022: EUR 145 per share).

The weighted-average exercise price of the options at 31 December 2023 is EUR 91 per share (2022: EUR 83 per share) with a weighted-average remaining contractual life of 2.9 years (2022: 3.5 years).

Details of the number of RSU share awards outstanding are as follows (after restating the comparative information):

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled restated	2022 Equity-settled restated
In shares of Peet's				
Balance at 1 January	**59,188**	**181,207**	**83,640**	**167,573**
Granted	—	35,601	—	54,364
Modified	(19,352)	19,352	—	—
Vested	(37,724)	(60,218)	(18,817)	(7,054)
Forfeited	(317)	(46,751)	(5,635)	(33,676)
Balance at 31 December	**1,795**	**129,191**	**59,188**	**181,207**

Details of the number of options outstanding are as follows (after restating the comparative information):

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled restated	2022 Equity-settled restated
In shares of Peet's				
Balance at 1 January	**66,939**	**12,263**	**80,222**	**14,999**
Modified	(23,195)	23,195	—	—
Exercised	(10,514)	(26,234)	(11,504)	(2,196)
Forfeited	(341)	—	(1,779)	(540)
Balance at 31 December	**32,889**	**9,224**	**66,939**	**12,263**

All options are exercisable at 31 December 2023 (2022: 78,654).

At 31 December 2023, a liability of EUR 8 million (2022: EUR 17 million) was recognised following the modification to cash-settled plans, including a part of the EOP plan as described below.

Executive Ownership Plan (Peet's)

Eligible employees who made a pre-established minimum investment in Peet's Inc. under the EOP were eligible to receive a matching award grant of RSUs which vest in a similar manner to the RSU awards granted under the LTIP. These matching awards are valued and expensed in the same manner as other RSU grants.

As described above, this plan partly qualifies as cash-settled and partly as equity-settled.

With respect to the equity-settled plans, a grant date fair value of EUR 0.8 million (2022: EUR 1.6 million) was recognised as a share-based payment expense over the applicable vesting period of generally five years, taking into account an estimated forfeiture rate between 6.0% and 14.6% of awards that will eventually vest.

The latest available conversion ratio applicable to the number of Peet's Options to be converted in shares in the Company is: 5.78 with respect to the equity-settled plans.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 141 per share (2022: EUR 138 per share).

Details of the number of RSU share awards outstanding are as follows regarding the EOP (after restating the comparative information):

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled restated	2022 Equity-settled restated
In shares of Peet's				
Balance at 1 January	**33,808**	**12,117**	**61,994**	**7,049**
Granted	—	6,008	—	23,311
Vested	(1,876)	—	(21,983)	(12,247)
Forfeited	(1,781)	—	(6,203)	(5,996)
Balance at 31 December	**30,151**	**18,125**	**33,808**	**12,117**

Eligible employees were provided the option to finance a portion of their investment under the EOP with a loan from Peet's Inc. All loans outstanding as of 31 December 2023 are limited recourse loans which may be prepaid by participants at any time. The total amount of loans provided to the Executive Committee members with respect to the share-based payment plans is disclosed in note 7.2 Related party transactions.

Management Stock (Peet's)
Management of Peet's has the opportunity to invest in Peet's shares directly or received Peet's shares due to the vesting of their RSUs. The value of these investments is classified as a liability as Peet's has the obligation to buy back these investments and amounted to EUR 26 million at 31 December 2023 (2022: EUR 26 million). The number of outstanding Management Stock that qualifies as a liability was 153,635 at 31 December 2023 (2022: 162,856).

Management of Peet's has the opportunity to invest in shares in the Company directly or received such shares following the vesting of their RSUs. The value of these investments is classified as equity as the Company does not have an obligation to buy back these investments. This is valued against the fair value of the share upon the issuance of the shares. The number of outstanding Management Stock that is classified as equity is 23,972 at 31 December 2023 (2022: 30,181).

7.2 RELATED PARTIES

Key management compensation

The compensation related to key management and non-executive Directors of JDE Peet's for employee services is as follows (in EUR million):

	2023	2022
Salaries	16	14
Share-based payment compensation[83]	24	26
Other, including pensions	1	2
Total	**41**	**42**
Executive Director	12	9
Non-executive Directors (the Board)	3	2

The definition of key management in this note differs from the definition as applied in the Remuneration Report as this definition includes senior management whilst the Remuneration Report only applies to the executive and non-executive Directors. The Remuneration Report is presented on page 179.

L2M acquisition—On 12 July 2022, JDE Peet's acquired L2M where Denis Hennequin, Non-executive Director of the Company, is one of the partners of the previous shareholder FrenchFood Capital. Denis Hennequin played no role in the identification of L2M as a potential acquisition target for the Company, nor did he play a role in the negotiation of the acquisition or otherwise. For further details, refer to note 3.1 Business combinations.

Shares in JDE Peet's—At 31 December 2023, Olivier Goudet held 851,849, Fabien Simon 31,013, Peter Harf 664,412, Joachim Creus 35,000, Carolyn Adams 943 and Tatiana Efremova 444 ordinary shares in JDE Peet's. In addition certain non-executive Directors have indirect interests in JDE Peet's through shareholdings in the parent companies.

Contribution by parent & distribution to parent—During 2023 no contributions were made by or distributed to the shareholders other than dividends.

[83] A duplication of a part of the share-based payment expense was identified and corrected in the comparative period.

Share-based payments—As described in note 7.1, directors and employees of JDE Peet's participate in share-based payment plans. The costs related to these plans are reflected as part of the selling, general and administrative expenses in the income statement.

Trading transactions

During the year, JDE Peet's entities entered into the following transactions with related parties outside the group of JDE Peet's (in EUR million):

	Sales to related parties		Purchases from related parties	
	2023	2022	2023	2022
Keurig Dr Pepper	5	4	90	92
Caribou[83]	—	—	34	34
Mondelēz Group[84]	—	—	44	38
Total	**5**	**4**	**167**	**164**

The following amounts were outstanding from/to related parties at reporting date (in EUR million):

	Owed by related parties		Owed to related parties	
	2023	2022	2023	2022
Keurig Dr Pepper	1	1	41	43
Caribou	—	—	4	42
Mondelēz Group	—	—	8	8
Total	**1**	**1**	**53**	**93**

Sales of goods to related parties were made at JDE Peet's' usual list prices, less usual discount provided to customers. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees were given or received. No provisions were made for doubtful debts in respect of the amounts owed by related parties.

Transactions with Mondelēz International Inc. Group—There were transactions between JDE Peet's and Mondelēz Group as part of the normal course of business, such as rental of office space.

[84] Some sales and purchase transactions had been erroneously identified as related parties transactions and were therefore corrected in the comparative period.

Transactions between Peet's and Keurig Dr Pepper—There were transactions between Peet's and Keurig Dr Pepper (an entity ultimately partially owned by JAB) as part of the normal course of business, such as the purchase of coffee by Keurig Dr Pepper and subsequently purchase of K-cups by Peet's.

Transactions between Peet's and Caribou—There were transactions between the Peet's and Caribou (an entity ultimately owned by JAB) as part of the normal course of business, such as sale of coffee from Peet's to Caribou. On 18 January 2024, JDE Peet's announced it has signed a long-term global license agreement to manufacture, market and sell Caribou consumer and foodservice coffee products, excluding Caribou coffeehouses. The transaction is expected to close in the first quarter of 2024. In line with the Company's Related Party Transaction Policy, the JAB affiliated members of the Board did not participate in the decision making. Reference is made to note 9.6 Subsequent events.

Transactions with various pension funds—JDE Peet's has several transactions with the pension funds as further disclosed in note 9.1 Post-employment benefits. All transactions are related to payments to and/or to fund the pension funds.

Transactions with shareholders—In February 2022, Olivier Goudet, Non-executive Director of the Company, exercised his put option on shares in Peet's Coffee, Inc., in exchange for shares in the Company. This transaction happened at fair market value and resulted in the issuance of 751,849 ordinary shares. In the financial statements, his shares at Peet's Coffee,Inc. were recognised as a management-owned shares liability and the transaction resulted in a decrease of this liability for an amount of EUR 23 million.

Indemnification with Mondelēz

On 5 May 2020, JDE Peet's received notice of a potential indemnification claim pursuant to the JDE Global Contribution Agreement, following on-site inspections undertaken by the European Commission at certain of Mondelēz International's European offices as part of an investigation into an alleged infringement of European Union competition law. On 28 January 2021, the European Commission announced it had taken the procedural step to open a formal antitrust investigation into Mondelēz International's conduct in relation to several product categories including coffee. The investigation concerns Mondelēz International and does not involve JDE Peet's. On 31 January 2023, Mondelēz disclosed that it is engaged in discussions with the European Commission in an effort to reach a negotiated, proportionate resolution to this matter and that it recognised a provision in relation to the investigation by the European Commission.

JDE Peet's has not been notified of any actual claim by Mondelēz, and the current assessment of any potential indemnification obligations of JDE Peet's in this respect remains uncertain and in all events would not be expected to be material.

Loans to related parties

Loans to key management—As described in note 7.1 Share-based payments, loans were granted to members of the executive committee for the sole purpose of participating in the Executive Ownership Plans of JDE Peet's. The loans bear interest at 3% and early repayment is allowed. The total amount of loans outstanding to Executive Committee members amounted to EUR 19 million at 31 December 2023 (2022: EUR 18 million).

Loans from related parties

At 31 December 2023, the Company had no outstanding loans with related parties.

Fiscal unity

Certain subsidiaries of the Company were included with affiliates not part of JDE Peet's in a combined group tax filing. The Company, together with certain of its Dutch subsidiaries, is part of a tax grouping for Dutch corporate income tax purposes.

8. INCOME TAXES

Income tax expense for the period comprises of current and deferred tax. Current and deferred tax is recognised in the income statement, except when it relates to a business combination or for items recognised in OCI or directly in Equity.

Current income tax—Current income tax is the expected income tax payable or receivable in respect of taxable income or loss for the current year in the countries where JDE Peet's operates and generates taxable income, using the tax rates enacted or substantially enacted at the reporting date, and any adjustments thereto in respect of previous years.

Deferred income tax—Deferred income tax is a tax payable or receivable in the future and is recognised on temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts, unused tax losses and unused tax credits.

Deferred income tax is not recognised on temporary differences related to: (i) the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, (ii) the investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that JDE Peet's is able to control the timing and reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and (iii) the initial recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised. The criteria that are considered in assessing the probability that sufficient taxable profit will be available include: (i) the existence of taxable temporary differences that relate to the same taxation authority and the same taxable entity, (ii) expected future taxable profits and (iii) tax planning opportunities. In case a history of recent losses is present, it is considered whether convincing other evidence exists, such as the nature of the (historical) losses and changes in activities to support recognising the deferred tax asset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

JDE Peet's applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. As a result, JDE Peet's neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Uncertain tax treatments—An uncertain income tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the taxation authority. Such uncertainty can relate to all aspects of income tax accounting, including taxable profit or loss, the tax bases of assets and liabilities, tax losses, tax credits and tax rates. If JDE Peet's concludes it is probable that the taxation authority will not accept an uncertain tax treatment, a liability is recognised to reflect the effect of the uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, to the extent that a reliable estimate can be made.

If JDE Peet's concludes it is possible but not probable that a taxation authority will not accept an uncertain tax treatment, JDE Peet's shall determine whether to disclose the potential effect of the uncertainty as a tax-related contingency, see note 9.5.

Key accounting estimate and judgement—JDE Peet's is subject to taxation in the many countries in which it operates. The tax legislation of these countries differs, is often complex and is subject to interpretation by management and the government authorities. These matters of judgement give rise to the need to create provisions for income tax payments that may arise in future years with respect to transactions already undertaken. Judgment is made about whether each uncertainty should be considered independently or whether some uncertainties can be considered together, when recognising and measuring provision for income tax payments. The income tax provision is estimated based on either of the following methods, depending on which method JDE Peet's expects to better predict the resolution of the uncertainty: (i) the most likely amount - the single most likely amount in a range of possible outcomes, or (ii) the expected value - the sum of the probability-weighted amounts in a range of possible outcomes.

If new information becomes available, this may cause JDE Peet's to change its judgement regarding the adequacy of existing income tax liabilities; such changes to income tax liabilities will impact the income tax expense in the period that such determination is made.

For the utilisation of tax losses and recognition of other deferred tax assets, management uses judgement to assess whether there will be sufficient future taxable profits to utilise such deferred tax assets.

Other—In December 2022, formal approval was given to the adoption of the EU Pillar Two Directive under which member states need to enact global minimum taxation rules before 31 December 2023. Based on the annual turnover threshold, JDE Peet’s falls within the scope of these rules (i.e. Pillar Two). In December 2023, Pillar Two income taxes legislation was enacted in the Netherlands. Therefore, JDE Peet's N.V. as parent company will be required to pay top-up tax in the Netherlands on profits of its subsidiaries that are taxed at an effective tax rate of less than 15% – and do not meet the transitional safe harbour tests – effective for the financial year beginning 1 January 2024.

We have performed an initial impact assessment based on the best interpretation of technical guidance as issued to date. The assessment and further clarification of applicable rules and guidance will be further fine-tuned and validated in 2024. Based on this assessment considering the most recent information available regarding the financial performance of the constituent entities within JDE Peet's, we expect the Pillar Two effective tax rates in most of the jurisdictions in which JDE Peet's operates to be above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply, and the Pillar Two effective tax rate is close to 15%. JDE Peet's does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Income Tax Expense

The components of the income tax expense are as follows (in EUR million):

	2023	2022
Current tax (expense) / benefit	(220)	(219)
Deferred tax (expense) / benefit	47	(38)
Total income tax expense	**(173)**	**(257)**

Reconciliation of the effective tax rate (in EUR million):

		2023		2022
Profit before income taxes	537		1,018	
	Tax	**%**	**Tax**	**%**
Income tax using JDE Peet's calculated weighted-average statutory income tax (a)[85]	(120)	22.3 %	(224)	22.0 %
Differences between computed rate of tax and effective tax rate due to:				
– Tax exempt and non-taxable income	11	(2.0)%	13	(1.3)%
– Non-deductible expenses	(34)	6.3 %	(17)	1.7 %
– Repatriation taxation of earnings and withholding	(8)	1.5 %	(12)	1.2 %
– Recognition/(non-recognition) of deferred tax assets	(13)	2.4 %	(15)	1.5 %
– Tax reserves and prior year related tax adjustments	(4)	0.7 %	2	(0.2)%
– Other taxes	(5)	1.0 %	(4)	0.3 %
Effective tax rate	**(173)**	**32.2 %**	**(257)**	**25.2 %**

In 2023, the JDE Peet’s' effective income tax rate of 32.2% (tax expense of EUR 173 million) was higher (9.9%, tax expense of EUR 53 million) than the calculated weighted-average statutory income tax rate of 22.3% (tax expense of EUR 120 million) due to various items increasing the tax expense (in total EUR 64 million with increasing effect of 11.9%), which are partly offset by various tax exempt and non-taxable items decreasing the tax expense (in total EUR 11.0 million with decreasing effect of 2.0%).

Items with increasing effect on tax expense in 2023 mainly consist of the following: (i) non-deductible expenses (increasing the tax expense with EUR 34 million, increasing effect of 6.3%), such as long-term incentive costs and change in fair value of derivative financial instruments, (ii) irrecoverable withholding taxes paid by subsidiaries on dividends and on other cross-border payments such as royalties and service fees, which cannot be offset against other taxes due (increasing the tax expense with EUR 8 million, increasing effect of 1.5%), (iii) non-recognition of deferred tax assets for tax losses, for which we do not expect sufficient future taxable profits to utilise such losses before they expire (increasing the tax expense with EUR 13 million, increasing effect of 2.4%) and (iv) tax reserves and prior year related tax adjustments (increasing tax expense with EUR 4 million, increasing effect of 0.7%).

The decreasing effect on the tax expense in 2023 is mainly due to tax exempt and non-taxable income (decreasing the tax expense with EUR 11 million, decreasing effect of 2.0%).

In 2022, the JDE Peet’s' effective income tax rate of 25.2% (tax expense of EUR 257 million) was higher (3.2%, tax expense of EUR 33 million) than the calculated weighted-average statutory income tax rate of 22.0% (tax expense of EUR 224 million) due to various items increasing the tax expense (in total EUR 48 million with increasing effect of 4.7%), which are offset by the various items decreasing the tax expense (in total EUR 15 million with decreasing effect of 1.5%).

Deferred Income Tax Assets and Liabilities

The analysis of the deferred income tax assets and liabilities is as follows (in EUR million):

	2023	2022
Deferred income tax assets	49	35
Deferred income tax liabilities	(1,226)	(1,265)
Net deferred income tax	**(1,177)**	**(1,230)**

[85] JDE Peet's' calculated weighted-average statutory income tax is the average of the standard rate of tax (including the impact of tax rate attributes) applicable in the countries in which JDE Peet's operates, weighted by the amount of underlying profit before taxation generated in each of those countries. For this reason, the rate may vary from year to year according to the mix of profit and related tax rates.

Deferred tax assets and deferred tax liabilities are attributable to the following items (in EUR million):

	2023			2022		
	Deferred tax assets	Deferred tax liabilities	Net deferred tax asset/ (liability)	Deferred tax assets	Deferred tax liabilities	Net deferred tax asset/ (liability)
Property, plant and equipment	4	(81)	(77)	—	(98)	(98)
Goodwill and other intangible assets	11	(1,301)	(1,290)	12	(1,318)	(1,306)
Other non-current financial assets	112	(1)	111	121	(3)	118
Retirement benefit asset/ obligations	33	(108)	(75)	28	(103)	(75)
Share-based payments	4	—	4	7	—	7
Borrowings	40	—	40	39	—	39
Derivative financial instruments	3	—	3	8	—	8
Provisions and other	18	1	19	15	(5)	10
Trade and other receivables/ payables	39	—	39	40	—	40
Inventories	10	(3)	7	8	(1)	7
Tax on repatriation of earnings	—	(49)	(49)	—	(61)	(61)
Tax loss carry forwards	91	—	91	81	—	81
Subtotal	**365**	**(1,542)**	**(1,177)**	**359**	**(1,589)**	**(1,230)**
Offset of deferred tax positions	(316)	316	—	(324)	324	—
Net deferred tax asset/ (liability)	**49**	**(1,226)**	**(1,177)**	**35**	**(1,265)**	**(1,230)**

The tax effect relating to temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised amounts to EUR 50 million (2022: EUR 35 million). This is because JDE Peet's is able to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

Movement in deferred tax balances during the year

In 2023, the net deferred tax liability position decreased with EUR 53 million from a net deferred tax liability of EUR 1,230 million in 2022 to a net deferred tax liability of EUR 1,177 million in 2023. This decrease was the result of (i) an decrease of deferred tax liabilities (decreasing the net deferred tax liability with EUR 39 million) and (ii) a increase of deferred tax assets (decreasing the net deferred tax liability with EUR 14 million). The decrease of net deferred tax liability mainly resulted from (a) decrease of deferred tax liabilities resulting from the impairment of an intangible asset (decreasing the net deferred tax liability with EUR 39 million), (b) decrease of deferred tax liabilities in relation to estimated tax on repatriation of earnings (decreasing the net deferred tax liability with EUR 12 million) and (c) the increase of deferred tax assets for tax loss carry forwards (decreasing of net deferred tax liability with EUR 10 million), partly offset by recurring changes in other temporary differences (increasing of net deferred tax liability with EUR 10 million).

In 2022, the net deferred tax liability position increased with EUR 68 million from a net deferred tax liability of EUR 1,162 million in 2021 to a net deferred tax liability of EUR 1,230 million in 2022. The increase was the result of (i) an increase of deferred tax liabilities (increasing the net deferred tax liability with EUR 37 million), (ii) a decrease of deferred tax assets for various temporary differences (increasing the net deferred tax liability with EUR 7 million), partially offset by (iii) a decrease of recognised deferred tax assets for tax loss carry forwards (increasing of net deferred tax liability with EUR 24 million).

Changes in the application of hyperinflationary accounting have been booked directly through equity, resulting in an increase of the net deferred tax liability with EUR 4 million in 2023 and EUR 7 million in 2022.

The movements during 2023 and 2022 are as follows (in EUR million):

	Balance at 31 December 2022	(Charged) Credited to the income statement	(Charged) Credited directly to other comprehensive income	(Charged) Credited directly to equity	Currency translation	Balance at 31 December 2023
Property, plant and equipment	(98)	19	—	2	—	(77)
Goodwill and other intangible assets	(1,306)	13	—	(2)	5	(1,290)
Other non-current financial assets	118	(7)	—	—	—	111
Retirement benefit asset/obligations	(75)	(7)	9	—	(2)	(75)
Share-based payments	7	(2)	—	(1)	—	4
Borrowings	39	1	—	—	—	40
Derivative financial instruments	8	—	(5)	—	—	3
Provisions and other	10	9	—	—	—	19
Trade and other receivables/payables	40	1	—	—	(2)	39
Inventories	7	3	—	(3)	—	7
Tax on repatriation of earnings	(61)	12	—	—	—	(49)
Tax loss carry forwards	81	4	2	—	4	91
Net deferred tax asset/(liability)	**(1,230)**	**46**	**2**	**(4)**	**5**	**(1,177)**

	Balance at 31 December 2021	(Charged) Credited to the income statement	(Charged) Credited directly to other comprehensive income and equity	Currency translation	Business combinations	Balance at 31 December 2022
Property, plant and equipment	(108)	14	(1)	(3)	—	(98)
Goodwill and other intangible assets	(1,283)	(1)	(4)	(6)	(12)	(1,306)
Other non-current financial assets	126	(8)	—	—	—	118
Retirement benefit asset/ obligations	(64)	(4)	(13)	6	—	(75)
Share-based payments	4	3	—	—	—	7
Borrowings	45	(7)	—	1	—	39
Derivative financial instruments	6	(14)	16	—	—	8
Provisions and other	25	(15)	—	—	—	10
Trade and other receivables/ payables	28	13	—	(1)	—	40
Inventories	8	2	(2)	(1)	—	7
Tax on repatriation of earnings	(55)	(6)	—	—	—	(61)
Other tax credits carry forwards	1	(1)	—	—	—	—
Tax loss carry forwards	105	(14)	(7)	(3)	—	81
Net deferred tax asset/(liability)	**(1,162)**	**(38)**	**(11)**	**(7)**	**(12)**	**(1,230)**

Tax losses, tax credits and other carried forwards

JDE Peet's has tax losses carried forward of EUR 736 million at 31 December 2023 (2022: EUR 697 million), for which EUR 91 million was recognised as a deferred tax asset (2022: EUR 81 million). Unrecognised deferred tax assets on tax losses amounted to EUR 89 million in 2023 (2022: EUR 82 million).

These (un)recognised tax losses carried forward expire as to the table below (in EUR million):

	Tax losses unrecognised		Tax losses recognised		Total tax losses	
	2023	2022	2023	2022	2023	2022
Within 1 year	9	6	—	—	9	6
1 to 2 years	6	6	—	—	6	6
2 to 3 years	8	6	—	—	8	6
3 to 4 years	13	9	—	—	13	9
4 to 5 years	16	14	7	—	23	14
Later	20	16	67	75	87	91
Unlimited	277	261	313	304	590	565
Balance at 31 December	**349**	**318**	**387**	**379**	**736**	**697**

JDE Peet's has US and Netherlands tax credits carry forwards at 31 December 2023 of EUR 22 million (2022: EUR 21 million) for which no deferred tax asset was recognised as it is not expected they will be utilised. The tax credits carry forwards expire between 5 to 8 years (EUR 15 million) and the remaining EUR 7 million are carried forward unlimited in time.

The tax effect of other deductible temporary differences that have not been recognised, amounted to EUR 32 million in 2023 (2022: EUR 33 million) as it is not expected they will be utilised.

9. OTHER DISCLOSURES

9.1 POST EMPLOYMENT AND OTHER LONG-TERM EMPLOYEE BENEFIT PLANS

JDE Peet's contributes to defined contribution retirement benefit plans that are recognised as expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each fiscal year. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise. Past service cost is recognised immediately in the income statement. For defined benefit plans, the operating and finance expense are recognised separately in the income statement. The amount recognised as operating cost in the income statement is the cost of accruing pension benefits promised to employees over the year, plus the costs of individual events such as past service benefit enhancements, settlements and curtailments (such events are recognised immediately in the income statement). The amount recognised as finance income includes a credit equivalent to the interest income on the pension plans' assets over the year, offset by a charge equal to the interest expense in the plans' liabilities over the year.

The retirement benefit obligations recognised in the statement of financial position represent the present value of the defined benefit obligation, as adjusted for past service cost, and as reduced by the fair value of plan assets.

Key accounting estimate and judgement—JDE Peet's sponsors defined benefit plans and provides other post-employment benefits. Assumptions are an important element in the actuarial methods that are used to measure the expense and obligations relative to employee benefits. The assumptions utilised include discount rate, inflation and indexation, life expectancy, payroll increase and health-care trends. Any change in these assumptions could potentially result in a significant change to the pension assets, pension liabilities, commitments and pension costs in future periods.

JDE Peet's operates a number of defined benefit and defined contribution plans for its employees.

Defined Contribution Plans

JDE Peet's sponsors defined contribution pension plans for its employees. The cost is determined by the contributions to these plans and is recognised when it becomes due. The amount of expense recognised during the fiscal year 2023 was EUR 35 million (2022: EUR 33 million).

Defined Benefit Plans (Pension, Jubilee and Post-Employment Medical)

JDE Peet's sponsors defined benefit plans in a number of countries, with the most significant plans in the UK and Germany. The defined benefit plans include pension plans, jubilee plans and post-employment medical benefit plans.

United Kingdom – The UK Pension Plan is fully funded on a technical provisions basis.

The Trustee of the plan implemented an investment strategy in which 90% of the plan assets are invested in matching assets (corporate credits and – index linked – gilts) and 10% of plan assets are invested in worldwide equity. The overall investment portfolio is structured in such a way that the volatility of the funded status is within 2% per year. The target return of the investments is 50 – 75bps above gilts (excl. manager fees), while the technical provisions basis is set at Gilts +50bps. Under UK Pensions Law the sponsoring companies remain liable in case of future deficits in the pension plan.

The past service costs of EUR 11 million recognised as a benefit in the income statement for the year ending 31 December 2023 was a result of the change in legal view of the treatment of one the Plan Sections' (Courtaulds) pension increases. These are based on the Consumer Price Index (CPI) going forward for all Courtaulds-members who up until 2023 had increases based on the Retail Price Index (RPI). The Trustee of the Plan confirmed that the CPI is a better measure of inflation, which should be used to value the pension liabilities. All affected plan members were informed about the change in April 2023.

The value of the UK Plan at 31 December 2023 amounted to a net asset of EUR 432 million (2022: EUR 413 million). No asset ceiling applies to this plan.

The funding of the plan was 132.9% at 31 December 2023 (2022: 125.5%).

Germany — There are six (largely) unfunded defined benefit plans in Germany. About 1,000 employees (2022: 1,000) accrue benefits in two (closed) schemes: a jubilee plan and a deferred compensation plan. The total defined benefit obligation at 31 December 2023 was EUR 144 million (2022: EUR 213 million) of which EUR 81 million (2022: EUR 82 million) was funded by means of a Contractual Trust Agreement.

A summary of the amounts recognised in the financial statements related to the pension, jubilee and post-employment medical plans is as follows (in EUR million):

	2023	2022
Defined benefit obligation of funded plans	(1,120)	(1,111)
Fair value of plan assets	1,552	1,524
Funded defined benefit plans with a surplus	**432**	**413**
Defined benefit obligation of funded plans	(280)	(254)
Fair value of plan assets	119	115
Funded defined benefit plans with a deficit	**(161)**	**(139)**
Post-employment medical & jubilee benefits	(9)	(10)
Defined benefit liability	**(170)**	**(149)**

The following provides detailed disclosures regarding the pension, jubilee and the post-employment medical plans.

Pension Benefits — The reconciliation of the amounts recognised in the table above to the total defined benefit obligation and fair value of plan assets is as follows (in EUR million):

	2023	2022
Total defined benefit obligation	(1,400)	(1,365)
Total fair value of plan assets	1,671	1,639
Net defined benefit position	**271**	**274**

Information on plan assets and defined benefit obligation per country

The defined benefit obligation at 31 December per country and the plan assets per country can be specified as follows (in EUR million):

	Plan assets		Defined benefit obligations	
	2023	2022	2023	2022
United Kingdom	1,552	1,524	(1,120)	(1,111)
Germany	81	77	(226)	(203)
Other	38	38	(54)	(51)

The weighted-average duration of the defined benefit obligations for the UK at 31 December 2023 is 11.6 years (2022: 11.8 years) and for Germany at 31 December 2023 is 16.8 years (2022: 16.6 years).

The movement in the defined benefit obligation over the year is as follows (in EUR million):

	2023	2022
Defined benefit obligation at 1 January	**1,365**	**2,060**
Employer service costs	5	9
Interest expense	61	34
Past service costs	(11)	—
Administration costs	2	2
Actuarial (gain)/loss due to experience	(2)	87
Actuarial (gain)/loss due to demographic assumption changes	(14)	(13)
Actuarial (gain)/loss due to financial assumption changes	40	(670)
Foreign currency translation	25	(67)
Benefits paid	(72)	(77)
Other	1	—
Defined benefit obligation at 31 December	**1,400**	**1,365**

The movement in the fair value of plan assets is as follows (in EUR million):

	2023	2022
Fair value of plan assets at 1 January	**1,639**	**2,323**
Employer contributions	8	7
Benefits paid	(72)	(77)
Interest income	76	40
Return on plan assets greater/(less) than interest income	(14)	(565)
Foreign currency translation	34	(89)
Fair value of plan assets at 31 December	**1,671**	**1,639**

The amounts recognised in the income statement are as follows (in EUR million):

	2023	2022
Employer service costs	5	9
Past service costs	(11)	—
Interest expense on defined benefit obligation	61	34
Interest income on plan assets	(76)	(40)
Administration costs	2	2
Total defined benefit cost recognised in the consolidated income statement	**(19)**	**5**

Of the total defined benefit recognised in the income statement a benefit of EUR 6 million (2022: cost of EUR 9 million) was recognised in selling, general and administrative expenses and cost of sales for the period.

The amounts recognised in the statements of comprehensive income (before tax) are as follows (in EUR million):

	2023	2022
Balance at 1 January	**(325)**	**(309)**
Actuarial (gains) / losses on the defined benefit obligation	24	(596)
Actuarial (gains) / losses on the plan assets	14	565
Foreign currency translation	(6)	15
Balance at 31 December	**(293)**	**(325)**

The experience adjustments and actuarial gains and losses due to change in actuarial assumptions are as follows and relate to the plans included in the statement of financial position at the end of the year (in EUR million):

	2023	2022
Liability (gain) or loss due to experience	(2)	87
Liability (gain) or loss due to demographic and financial assumptions changes	26	(683)
Actuarial (gains) / losses on the defined benefit obligation	**24**	**(596)**
Asset (gain) or loss due to experience	14	565
Actuarial (gain) or loss recognised	**38**	**(31)**

The weighted-average actual assumptions used in measuring the defined benefit cost recognised in the consolidated income statement of the next fiscal year and plan obligations at the end of the fiscal year are as follows:

	2023		2022	
	UK	Germany	UK	Germany
Discount rate	4.50%	3.20%	4.80%	3.70 %
Indexation rate inactive participants - deferred	2.75%	N/A	2.90%	N/A
Indexation rate inactive participants - pensioners	2.75%	2.00%	3.25%	2.00 %
Inflation rate	3.20%	2.50%	3.40%	2.50 %
Future salary increases	N/A	2.75%	N/A	2.75 %

The discount rate is determined by utilising a yield curve based on high-quality, fixed-income investments that have an AA bond rating to discount the expected future benefit payments to plan participants. Salary increase assumptions are based upon historical experience and anticipated future management actions.

Assumptions regarding future mortality experience are set, based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most important countries are based on the following mortality tables:

- UK: SAPS S2 Pensioners +0.3 yr age rating with CMI Core Projection Model 2022 update, with a 1.25% long-term trend, 0.25% initial addition to improvements, weights of 0%, 0% and 25% applied to 2020, 2021 and 2022 experience, respectively
- Germany: Heubeck 2018G.

Sensitivity to changes in individual parameters used as of 31 December 2023 can be estimated as follows:

- A 50 basis point decrease in the discount rate of interest would increase the defined benefit obligation by approximately EUR 88 million (2022: EUR 87 million)
- A 50 basis point increase in inflation assumption would increase the defined benefit obligation by approximately EUR 56 million (2022: EUR 49 million)
- A 50 basis point increase in the salary growth rate would increase the defined benefit obligation by approximately EUR 5 million (2022: EUR 6 million).

The pension plan asset allocation differs per plan. On a weighted-average basis, the allocation was as follows:

	2023	2022
Equity instruments	7.5%	7.1%
Bond instruments	4.8%	4.7%
Other	87.7%	88.2%
Total	**100.0%**	**100.0%**

Investment strategies are based on the composition of the plan liabilities. With the aid of asset liability management modelling, analyses are made of possible future economic scenarios and investment portfolios. Based on these analyses, investment strategies are determined for each plan to produce optimal investment returns at acceptable funding ratio risk levels. Less favourable years can be part of these scenarios. The strategic targets changed substantially from 2009 since one of the pension plans in the United Kingdom with significant assets is inactive and therefore the plan assets are mainly invested in fixed-income securities and cash instruments only, which are included in “Other” in the table above.

Expected cash contributions to retirement benefit plans for fiscal year 2024 are EUR 10 million (2023: EUR 9 million). The exact amount of cash contributions made to pension plans in any year is dependent on a number of factors including minimum funding requirements in the jurisdictions in which JDE Peet's operates the tax deductibility of amounts funded and arrangements made with the trustees of certain foreign plans.

Jubilee and Post-Employment Medical Benefits—JDE Peet's operates a post-employment medical benefit scheme in the Netherlands and Jubilee schemes in the Netherlands, Austria and Germany. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes except for the treatment of actuarial gains and losses which are recognised immediately in the income statement. The plans are unfunded.

The movement in the defined benefit obligation is as follows (in EUR million):

	2023	2022
Balance at 1 January	**10**	**13**
Employer service cost	—	1
Employer contribution	(1)	(1)
Actuarial (gain)/loss due to financial assumption changes	—	(3)
Balance at 31 December	**9**	**10**

9.2 PROVISIONS

Termination Benefits—Termination benefits are payable when employment is terminated by JDE Peet's before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised when it is demonstrably committed to a termination and when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. The estimated costs associated with these benefits are reflected in the restructuring provisions.

Provisions—Provisions, which are primarily for restructuring costs, legal claims, medical claims and environmental obligations are recognised when JDE Peet's has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Restructuring provisions primarily comprise employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

When the carrying amount of a provision is an estimate of a single amount to be received or paid in the future, the cost of debt is used to discount the provision. When an expected cash flow approach is used to determine the carrying amount of the provision (the sum of probability-weighted amounts in a range of possible estimated amounts), the risk-free rate will be used to discount the provision.

Key accounting estimate and judgement:

Restructuring provisions—A provision for restructuring costs is recognised when a detailed formal plan for the restructuring has been determined and the plan has been communicated to the parties that may be affected by it. The provision is based on a number of assumptions including the timing of the payments and the number of employees that will ultimately receive the termination benefits. A change in these assumptions may result in a significant change in the liability in future periods. Adjustments to previously recognised charges resulting from a change in estimate are recognised in the period in which the change is identified.

In assessing the likelihood of occurrence of restructuring provisions, judgement is required to determine if an outflow of economic resources is probable. Where it is probable, a liability is recognised and further judgement is used to determine the level of the provision.

Legal and other provisions—JDE Peet's is involved in certain litigation and other legal proceedings. These claims involve highly complex issues, damages and other matters. In assessing the likelihood of occurrence of legal provisions, there is uncertainty as to estimating likely outcomes or ranges of possible loss, as investigations are not conducted in a consistent manner across jurisdictions and each country and agency has different set of laws, rules and regulations. Accordingly, the outcome of these matters cannot be predicted. However, the unfavourable resolution of one or more of these proceedings could have a material adverse effect on the business, results of operations, financial conditions and/or cash flows. Where it is probable, a liability is recognised and further judgement is used to determine the level of the provision.

The change in provisions was as follows (in EUR million):

	Restructuring	Legal and other	Total
Balance at 1 January 2022	**20**	**37**	**57**
Additions charged to income statement	9	18	27
Payments	(9)	(4)	(13)
Reductions related from remeasurement or settlement without cost	1	—	1
Currency translation differences	1	(1)	—
Balance at 31 December 2022	**22**	**50**	**72**
Non-current	5	28	33
Current	17	22	39
Balance at 31 December 2022	**22**	**50**	**72**
Additions charged to income statement	54	6	60
Payments	(20)	(6)	(26)
Reductions related from remeasurement or settlement without cost	(2)	(1)	(3)
Currency translation differences	—	1	1
Balance at 31 December 2023	**54**	**50**	**104**
Non-current	7	29	36
Current	47	21	68
Balance at 31 December 2023	**54**	**50**	**104**

Restructuring— An expense of EUR 54 million was recognised during the year ended 31 December 2023 (2022: EUR 9 million) mainly related to the actions to right-size the former CPG and Out-of-Home segments following the announcement to combine these former separate segments into one segment Europe and the intended closure of the production and research & development operations in Banbury, United Kingdom. The costs incurred in 2022 related to several smaller initiatives.

Legal and other provisions

The composition of legal and other provisions is as follows (in EUR million):

	2023	2022
Branded Apparel	15	15
Other	35	35
Total	**50**	**50**

Branded Apparel—The provision relates to Branded Apparel, a previously divested business. The provision includes medical claims related to injuries caused to former employees as a result of noise-induced hearing loss and asbestos exposure, which may result in payments to those individuals for their related medical expenses. The expense related to this provision was recognised in selling, general and administrative expenses in the income statement.

Other—Includes items such as:

- Decommissioning provisions related to property, plant and equipment
- Environmental provisions
- Non-income tax provisions
- Provisions for labour and insurance claims
- Warranty provisions
- Contingent liabilities assumed in and indemnifications resulting from business combinations.

9.3 OTHER NON-CURRENT ASSETS

For the accounting policy on investments in associates reference is made to section 1.4 of this report. The composition of other non-current assets is as follows (in EUR million):

	2023	2022
Lease receivables	3	3
Advance to related parties	24	24
Investment in associates	15	20
Other non-current assets	30	39
Total	**72**	**86**

The advance to related parties represent loans granted to key management members in relation to their share-based payment plans. The investments in associates presented are classified as other (non-strategic) investments in accordance with JDE Peet's accounting policies.

9.4 OTHER NON-CURRENT LIABILITIES

The composition of other non-current liabilities is as follows (in EUR million):

	Note	2023	2022
Deferred revenue		61	59
Share-based payment liability	7.1	8	17
Management-owned shares liability	7.1	26	25
Other		12	9
Total non-current liabilities		**107**	**110**

Deferred revenue—Deferred revenue relates to the customer loyalty programmes as further described in accounting policies (note 2.2). The current portion of this deferred revenue is included in trade and other payables (note 4.3).

Share-based payment and Management-owned shares liability—All fair value changes were recognised in the profit and loss account for a benefit of EUR 1 million (2022: EUR 4 million expense) in the selling, general and administrative expenses and an expense of EUR 4 million (2022: benefit of EUR 4 million) in the finance expenses for the share-based payment liability and the management-owned shares liability, respectively. For more information about these plans reference is made to note 7.1.

The change in the management-owned shares was as follows (in EUR million):

	2023	2022
Balance at 1 January	**25**	**68**
Fair value through income statement	4	(4)
Vesting of share-based payments	—	7
Exercises	14	2
Currency translation	—	5
Shares cancelled	(4)	(3)
Shared sold	(5)	(50)
Reclassification from / (to) equity	(8)	—
Balance at 31 December	**26**	**25**

9.5 COMMITMENTS AND CONTINGENCIES

Commitments—The off-balance sheet commitments consist of the following (in EUR million):

	2023	2022
Purchase commitments	817	773
Operating leases	5	5
Guarantees	1	2
	823	**780**

On 24 July 2023, JDE Peet's announced that it had signed an agreement to acquire 100% of the shares in the Maratá coffee & tea business in Brazil from JAV Group. This acquisition was completed on 4 January 2024. Reference is made to notes 9.6 Subsequent Events and 3.1 Business Combinations**.**

Purchase commitments–Purchase commitments primarily consist of commitments related to the purchases of green coffee, packaging, other raw materials/commodities and services.

Operating lease commitments–JDE Peet's leases certain facilities, equipment and vehicles under agreements that are classified as operating leases. The building leases have various lease terms, while the equipment and vehicle leases have terms of generally less than seven years. Leases of assets with a low value, or term of less than 12 months are included in the operating lease commitments.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows (in EUR million):

	2023	2022
Not later than one year	3	3
Later than one year and not longer than five years	2	2
Later than five years	—	—
	5	**5**

Guarantees–JDE Peet's is party to a variety of agreements under which it may be obligated to indemnify a third party against losses arising from a breach of representation and covenants related to matters such as title to assets sold, the collectability of receivables, specified environmental matters, lease obligations assumed and certain tax matters. In each of these circumstances, payment by JDE Peet's is conditioned on the other party making a claim pursuant to the procedures specified in the contract. These procedures allow JDE Peet's to challenge the other party's claims. In addition, the obligations under these agreements may be limited in terms of time and/or amount, and in some cases JDE Peet's may have recourse against third parties for certain payments it made. Historically, payments made by JDE Peet's under these agreements have not had a material effect on its business, financial condition or results of operations.

Contingencies—JDE Peet's has various contingent liabilities. The most significant contingencies are described below:

- JDE Peet's is involved from time to time in legal and arbitration proceedings arising in the ordinary course of business—In the judgement of management no losses, in excess of provisions made, which could be material in relation to JDE Peet's financial position are likely to arise in respect of these matters. Furthermore, the exposures cannot be reliably estimated.

- Taxes—JDE Peet's operates in many jurisdictions and is subject to a wide variety of taxes per jurisdiction. Tax legislation can be highly complex and subject to interpretation. As such, the recognition and measurement of tax positions and determination of contingent tax liabilities requires significant judgement. Contingent liabilities cover tax risks for which the outflow is assessed lower than probable but possible and may be challenged in tax disputes and proceedings arising in the ordinary course of business. JDE Peet's contingent liabilities that arise in respect of tax litigation or investigations by fiscal authorities mainly relate to tax positions in Brazil and include a large number of cases with a risk assessment lower than probable but possible not to be accepted, one of which arose in 2023 with an exposure in excess of EUR 50 million for fiscal years 2019 to 2022 attributable to non-income tax matters for which JDE Peet's already received a favourable non-final decision from the first-level administrative courts of the State of São Paulo for fiscal years 2019 up to and including 2022. Assessing the amount of such tax contingencies is highly judgemental, and the timing of possible outflows is uncertain. Management believes they will prevail in further proceedings with the tax authorities, however there can be no guarantee of success in court. In each case we believe the position is strong so they have not been provided for.

Any exposures assessed possible, not probable, were measured at their fair value upon a business combination transaction.

JDE Peet's considered the impact of climate risk on the recognition and measurement of provision and contingencies. No such provision or contingency has been recognised to date.

9.6 SUBSEQUENT EVENTS

On 5 January 2024, JDE Peet's successfully completed the acquisition of the Brazilian coffee & tea business Maratá from JAV Group for a total purchase consideration of BRL 3,350 million before closing adjustments of approx. BRL 400 million (net of cash acquired), which was first announced on 24 July 2023. The acquisition expanded JDE Peet's' emerging markets presence.

Maratá's coffee & tea business is predominantly present in the northern part of Brazil through its long-standing and well-known brands Café Maratá and Chá Maratá. The business employs around 1,200 employees, operates two manufacturing plants and reported around BRL 1.3 billion annual average sales for the last two years.

On 18 January 2024, JDE Peet's announced it has signed a long-term global license agreement to manufacture, market and sell Caribou consumer and foodservice coffee products, excluding Caribou coffeehouses for a total consideration of approx. EUR 240 million. The transaction, which is expected to close in the first quarter of 2024, provides JDE Peet's a strong platform to expand its premium coffee portfolio in North America.

Under the terms of the agreement, JDE Peet's will acquire Caribou's roasting operations in Minneapolis, Minnesota. The two companies have also reached a long-term strategic arrangement under which JDE Peet's will supply coffee products for sale in Caribou's coffeehouses.

9.7 LEGAL ENTITIES

Below is a list of significant subsidiaries at 31 December 2023. A full list of legal entities is filed with the Chamber of Commerce. Ownership percentages have been based on the number of issued and outstanding shares, except for JDE Holdings Minority B.V. where profit allocation rights are used since that reflects ownership of the entity more accurately.

Name of subsidiary	Country of incorporation	Ownership percentage 2023	Ownership percentage 2022
D.E Holdco UK Limited	United Kingdom	99.7%	99.8%
DEF Holding SNC	France	99.7%	99.5%
JACOBS Deutschland Holding GmbH	Germany	99.7%	99.5%
JACOBS DOUWE EGBERTS AU PTY. LTD.	Australia	99.7%	99.5%
JACOBS DOUWE EGBERTS B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS BE BV	Belgium	99.7%	99.5%
Jacobs Douwe Egberts Coffee Trade GR EPE	Greece	99.7%	99.5%
JACOBS DOUWE EGBERTS BR Comercialização de Cafés Ltda.	Brazil	99.7%	99.5%
JACOBS DOUWE EGBERTS CZ s.r.o.	Czech Republic	99.7%	99.5%
JACOBS DOUWE EGBERTS DE GmbH	Germany	99.7%	99.5%
JACOBS DOUWE EGBERTS DK APS	Denmark	99.7%	99.5%
JACOBS DOUWE EGBERTS ES, S.L.U.	Spain	99.7%	99.5%
JACOBS DOUWE EGBERTS Export NL B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS FR SNC	France	99.7%	99.5%
JACOBS DOUWE EGBERTS FR SAS	France	99.7%	99.5%
JACOBS DOUWE EGBERTS GB LTD	United Kingdom	99.7%	99.5%
Jacobs Douwe Egberts Holdings Asia NL B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS Holdings B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS International B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS NL B.V.	The Netherlands	99.7%	99.5%

Name of subsidiary	Country of incorporation	Ownership percentage 2023	Ownership percentage 2022
JACOBS DOUWE EGBERTS NORGE AS	Norway	99.7%	99.5%
JACOBS DOUWE EGBERTS NZ limited	New Zealand	99.7%	99.5%
JACOBS DOUWE EGBERTS OPS CZ s.r.o.	Czech Republic	99.7%	99.5%
JACOBS DOUWE EGBERTS OPS GB Ltd	United Kingdom	99.7%	99.5%
JACOBS DOUWE EGBERTS PL sp. z o.o.	Poland	99.7%	99.5%
JACOBS DOUWE EGBERTS PRO NL B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS RO SRL	Romania	99.7%	99.5%
JACOBS DOUWE EGBERTS RUS LLC	Russia	99.7%	99.5%
JACOBS DOUWE EGBERTS S.E. AB	Sweden	99.7%	99.5%
JACOBS DOUWE EGBERTS TH Ltd.	Thailand	99.7%	99.5%
JACOBS DOUWE EGBERTS Treasury B.V.	The Netherlands	99.7%	99.5%
JOBmeal Group AB	Sweden	99.7%	99.5%
Koninklijke Douwe Egberts B.V.	The Netherlands	99.7%	99.5%
LLC Jacobs Douwe Egberts Ukraina	Ukraine	99.7%	99.5%
Maison Lyovel SAS	France	99.7%	99.5%
Of Çaysan Tarım Ürünleri Entegre Tesisleri Sanayi ve Ticaret Anonim	Turkey	69.8%	69.6%
Old Town Kopitiam Sdn. Bhd.	Malaysia	99.7%	99.5%
SCML (Thailand) Co., Ltd.	Thailand	99.7%	99.5%
Super Coffeemix Ltd.	Myanmar	59.8%	59.7%
Super Foods Specialists (M) Sdn. Bhd.	Malaysia	99.7%	99.5%
Super Food Technology Sdn. Bhd.	Malaysia	99.7%	99.5%
White Cafe Sdn. Bhd.	Malaysia	99.7%	99.5%
Wuxi Super Food Technology Co., Ltd.	China	99.7%	99.5%
Peet’s Coffee, Inc.	United States	97.9%	98.0%
HH Peet's China Limited	Hong Kong	61.8%	61.8%

In addition to these significant subsidiaries, JDE Peet's has other consolidated entities in the countries listed, and also in the following countries: Austria, Belarus, Bulgaria, Finland, Georgia, Hungary, Indonesia, Ireland, Isle of Man, Italy, Kazakhstan, Lithuania, Mexico, Morocco, Philippines, Portugal, Singapore, Slovakia, South Africa, Switzerland and Vietnam.

Apart from certain cash restrictions (refer to note 5.3 Cash and Cash Equivalents), there are no significant restrictions on JDE Peet's' ability to access or use assets, and to settle liabilities within these subsidiaries.

The financial statements of the parent and the subsidiaries used in the preparation of the consolidated financial statements have the same reporting date.

STATEMENTS ON RELEASE FROM THE DUTY TO DISCLOSE FINANCIAL STATEMENTS

The following German entities are included in the financial statements of the JDE Peet's N.V., Amsterdam, the Netherlands, and make use of the release from the duty to disclose financial statements and reports pursuant § 264 (3) and § 291 of the German Commercial Code:

- Jacobs Deutschland Holding GmbH, Bremen/Germany
- JACOBS DOUWE EGBERTS REAL ESTATE DE GmbH, Bremen/Germany
- JACOBS DOUWE EGBERTS DE GmbH, Bremen/Germany
- JACOBS DOUWE EGBERTS SERVICES DE GmbH, Bremen/Germany

The Company issued a guarantee under Article 403 of Part 9 of Book 2 of the Dutch Civil Code in favour of the following Dutch entities:

- JACOBS DOUWE EGBERTS B.V.
- Global Joure Brands B.V.
- JACOBS DOUWE EGBERTS Holdings B.V.
- JACOBS DOUWE EGBERTS International B.V.
- Koninklijke Douwe Egberts B.V.
- JACOBS DOUWE EGBERTS Treasury B.V.
- JACOBS DOUWE EGBERTS Minority B.V.
- Jacobs Douwe Egberts Holdings Asia NL B.V.
- JACOBS DOUWE EGBERTS Export NL B.V.
- JACOBS DOUWE EGBERTS PRO NL B.V.
- JACOBS DOUWE EGBERTS NL B.V.
- JACOBS DOUWE EGBERTS Holdings Nordics NL B.V.
- D.E Global Finance B.V.
- JDEP Holding B.V.
- New Oak 2 B.V.
- New Oak Holding B.V.
- Oak 1753 B.V.
- DE US, Inc.
- Oak Holdco B.V.
- Oak International B.V.
- Oak InvestCo B.V.
- Douwe Egberts Finance B.V.
- JDE Holdings Minority B.V.
- Delta Charger Holdco B.V.
- Oak InvestCo 2 B.V.

In addition, JACOBS DOUWE EGBERTS International B.V. issued comfort letters in favour of the following entities:

- JACOBS DOUWE EGBERTS FRANCE SNC
- DEF FINANCE SNC
- Maison Lyovel SAS
- Jacobs Douwe Egberts IE Ltd
- D.E. Holding UK Ltd
- Jacobs Douwe Egberts Ukraine LLC

JACOBS DOUWE EGBERTS Holdings Asia NL B.V. issued a comfort letter in favour of JACOBS DOUWE EGBERTS HLD SGP SG Pte. Ltd.

COMPANY FINANCIAL STATEMENTS

COMPANY INCOME STATEMENT

For the years ended 31 December 2023 and 31 December 2022

In EUR million

	Note	2023	2022
Selling, general and administrative expense		(40)	(16)
Operating profit		**(40)**	**(16)**
Finance income		59	54
Finance expense		(154)	(74)
Share of profit of subsidiaries		488	800
Profit before income taxes		**353**	**764**
Income tax benefit		14	7
Profit for the period		**367**	**771**

COMPANY BALANCE SHEET

At 31 December 2023 and31 December 2022

Before appropriation of profit in EUR million

	Note	2023	2022 restated
Non-current assets:			
Investments in subsidiaries	3	11,458	11,415
Loans receivable[86]	5	5,480	4,944
Deferred tax asset		4	—
Derivative financial instruments		13	46
Other financial assets		2	5
		16,957	**16,410**
Current assets:			
Trade and other receivables	4	32	29
Loans receivable	5	425	—
Income tax receivable		14	1
Derivative financial instruments		4	5
		475	**35**
Total assets		**17,432**	**16,445**

	Note	2023	2022 restated
Equity and liabilities			
Equity:			
Share capital	6	5	5
Share premium		9,585	9,997
Treasury shares		(38)	(471)
Legal reserves:			
– Cash flow hedge reserve		10	(21)
– Foreign currency translation reserve		(730)	(635)
– Other legal reserves		194	46
Other reserves		1,642	1,360
Profit for the period		367	771
		11,035	**11,052**
Non-current liabilities:			
Borrowings	8	5,193	4,696
Deferred income tax liabilities		3	3
Derivative financial instruments		25	—
		5,221	**4,699**
Current liabilities:			
Borrowings	8	872	454
Trade and other payables	7	210	197
Derivative financial instruments		94	43
		1,176	**694**
Total equity and liabilities		**17,432**	**16,445**

[86] Restated for the classification as non-current in 2022.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Company applies the option provided in Section 2:362 (8) of the Dutch Civil Code for the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company Financial Statements. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result of the Company Financial Statements of the Company are the same as those applied for the Consolidated Financial Statements under IFRS as adopted by the EU.

The Company Financial Statements are prepared to comply with the requirements of the Dutch Civil Code. There are no differences between total Shareholders' Equity and Net profit for the period determined under the Dutch Civil Code and that determined in accordance with IFRS. In concluding, the Company has accounted for its investments in subsidiaries using the net asset value method of accounting versus the cost method or fair value method.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principles of valuation and determination of result for the Company's annual financial statements and consolidated financial statements are the same. For the principles of valuation of assets and liabilities and for the determination of result reference is made to the notes to the consolidated financial statements.

The investments in subsidiaries, other than affiliates, are carried at net asset value. The net asset value is determined by measuring the assets, provisions and liabilities and calculating the result according to the accounting policies applied in the Consolidated financial statements.

3. INVESTMENTS IN SUBSIDIARIES

The movements of the investments in subsidiaries are as follows (in EUR million):

	2023	2022
Balance at 1 January	**11,415**	**11,140**
Net result	488	800
Dividends	(351)	(566)
Cash flow hedge reserve	39	(57)
Foreign currency translation	(109)	75
Other reserves	(20)	8
Other	(4)	15
Balance at 31 December	**11,458**	**11,415**

4. TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables is as follows (in EUR million):

	2023	2022
Receivable from other JDE Peet's companies	27	18
Other receivables	5	11
Total	**32**	**29**

All trade and other receivables are due within one year, no amounts are provided for.

5. LOANS RECEIVABLE

The outstanding amount of loans provided to New Oak 2 B.V. and JACOBS DOUWE EGBERTS International B.V. at 31 December 2023 was EUR 4,905 million (including a loan denominated in US dollars for USD 385 million) and EUR 1,000 million, respectively (2022: EUR 4,944 million and nil, respectively). The weighted-average interest rate was 1.53% (2022: 0.65%) with maturity dates from 2024 to 2034. At 31 December 2023, an amount of EUR 425 million was maturing within 12 months (2022: nil). We have assessed the credit risk associated with these loans and concluded that there was no material risk identified.

In EUR millions

	31 December 2022	Additions	Repayments	Currency translation	31 December 2023
New Oak 2 B.V.	4,944	—	(28)	(11)	4,905
JACOBS DOUWE EGBERTS International B.V.	—	1,000	—	—	1,000
Total	**4,944**	**1,000**	**(28)**	**(11)**	**5,905**

	1 January 2022	Additions	Repayments	Currency translation	31 December 2022
New Oak 2 B.V.	4,921	—	—	23	4,944
Total	**4,921**	**—**	**—**	**23**	**4,944**

6. SHAREHOLDERS' EQUITY

The movements of the shareholders' equity are as follows (in EUR million):

	Share capital	Share premium	Treasury shares	Legal reserves	Other reserves	Profit for the period	Total equity
Balance at 31 December 2021	**5**	**9,975**	**—**	**(602)**	**880**	**765**	**11,023**
– Application of hyperinflationary accounting	—	—	—	—	31	—	31
Balance at 1 January 2022	**5**	**9,975**	**—**	**(602)**	**911**	**765**	**11,054**
– Profit for the period	—	—	—	—	—	771	771
– Retirement benefit obligation related items	—	—	—	—	10	—	10
– Foreign currency translation	—	—	—	76	(14)	—	62
– Foreign currency contracts	—	—	—	(46)	—	—	(46)
– Net investment hedge	—	—	—	(27)	—	—	(27)
Total Comprehensive Income / (Loss)	**—**	**—**	**—**	**3**	**(4)**	**771**	**770**
– Shared-based payment transactions	—	—	—	—	28	—	28
– Dividends	—	—	—	—	(339)	—	(339)
– Appropriation of profit 2021	—	—	—	—	765	(765)	—
– Share buyback transaction	—	—	(500)	—	—	—	(500)
– Issuance of shares	—	22	29	—	—	—	51
– Other transactions with shareholders	—	—	—	—	(12)	—	(12)
– Other changes in legal reserves	—	—	—	(11)	11	—	—
Balance at 31 December 2022	**5**	**9,997**	**(471)**	**(610)**	**1,360**	**771**	**11,052**

	Share capital	Share premium	Treasury shares	Legal reserves	Other reserves	Profit for the period	Total equity
Balance at 31 December 2022	**5**	**9,997**	**(471)**	**(610)**	**1,360**	**771**	**11,052**
– Application of hyperinflationary accounting	—	—	—	—	(2)	—	(2)
Balance at 1 January 2023	**5**	**9,997**	**(471)**	**(610)**	**1,358**	**771**	**11,050**
– Profit for the period	—	—	—	—	—	367	367
– Retirement benefit obligation related items	—	—	—	—	(28)	—	(28)
– Foreign currency translation	—	—	—	(109)	6	—	(103)
– Foreign currency contracts	—	—	—	31	—	—	31
– Net investment hedge	—	—	—	14	—	—	14
Total Comprehensive Income / (Loss)	**—**	**—**	**—**	**(64)**	**(22)**	**367**	**281**
– Shared-based payments	—	—	—	—	24	—	24
– Dividends	—	—	—	—	(339)	—	(339)
– Appropriation of profit 2022	—	—	—	—	771	(771)	—
– Issuance of shares	—	—	21	—	—	—	21
– Cancellation of treasury shares	—	(412)	412	—	—	—	—
– Other	—	—	—	—	(2)	—	(2)
– Other changes in legal reserves	—	—	—	148	(148)	—	—
Balance at 31 December 2023	**5**	**9,585**	**(38)**	**(526)**	**1,642**	**367**	**11,035**

7. TRADE AND OTHER PAYABLES

The composition of trade and other payables is as follows (in EUR million):

	2023	2022
Trade and other payables	39	26
Dividend payable	170	170
Payable to group companies	1	1
Total	**210**	**197**

The carrying amount of the trade and other payables is considered a close approximation of their fair value due to their short maturity.

During the Annual General Meeting of Shareholders on 25 May 2023, a dividend of EUR 0.70 per share was approved, payable in two instalments of EUR 0.35 on 14 July 2023 and 26 January 2024.

8. BORROWINGS

The Company has unsecured notes outstanding, please refer to note 5.2 Borrowings in the consolidated financial statements for more details.

At 31 December 2023, the Company had a bank overdraft with a group company for a total of EUR 420 million (2022: EUR 454 million).

9. COMMITMENTS AND CONTINGENCIES

Contingencies and commitments to which the Company is exposed, are disclosed in note 9.5 of the Consolidated financial statements. The legal entities to which the declarations of joint and several liability relate, are listed in the statements on release from the duty to disclose financial statements in the consolidated financial statements.

10. RELATED PARTIES

Loans from related parties

See note 8 Borrowings for any loans, including the overdraft balance in the cashpool, from related parties.

Loans to related parties

See note 5 Other (non-)current assets for any loans to related parties.

Other

In note 7.2 Related-party transactions of the Consolidated financial statements, the other relevant disclosures in relation to Related Parties (such as fiscal unity, loans to management and contribution of the parent) are further disclosed.

11. BOARD REMUNERATION

The Board remuneration is disclosed in note 7.2 Related-party transactions of the Consolidated financial statements, where the provision in art 2:383.1 DCC is applied.

6 March 2024

F.J.J. Simon
Executive Director

O.C.G. Goudet
Chairman, non-executive Director

J.J.B.C. Creus
Non-executive Director

G.P. Harf
Non-executive Director

A.M. García Fau
Non-executive Director

F.A. Engelen
Non-executive Director

S. MacFarlane
Non-executive Director

A. Richards
Non-executive Director

L. Stein
Non-executive Director

D. Hennequin
Non-executive Director

P.N. Lindenberg
Non-executive Director

L. Vandevelde
Non-executive Director

J.F.D. Katgert
Non-executive Director

P. Abadie Capel
Non-executive Director

OTHER INFORMATION

PROFIT APPROPRIATION

Articles of association provisions governing the distribution of profit:

Article 27 of the articles of association states the following:

27.1 After adoption of the annual accounts, but no later than within six months from the end of the financial year concerned, a cash distribution will be made on the Preference Shares in respect of the previous financial year, which distribution will be calculated as follows:

a. if the Preference Shares are paid up at the expense of the Company's reserves, the annual distribution will be one thousand euro (EUR 1,000) for all outstanding Preference Shares together;
b. in other cases, the distribution will be a percentage equal to three (3) months' Euribor (Euro Interbank Offered Rate) – weighted to reflect the number of days for which the payment is made – plus a premium, to be determined by the Board of at least one percentage point and at most five percentage points, depending on the prevailing market conditions.

The distributions referred to under (a) and (b) will be calculated over the proportionate period of time if the relevant Preference Shares were issued and outstanding for a part of the financial year. Distributions in respect of the Preference Shares are calculated over the paid-up part of their nominal value. The making of such distributions is subject to the provision of Article 27.8.

The amounts of such distributions will be charged to the profits realised during the financial year in respect of which it is made or, if and to the extent such profits are insufficient, any other part of the Company's distributable equity.

No further distributions will be made on the Preference Shares.

27.2 The Board may decide that the profits realised during a financial year, and remaining after application of Article 27.1 are used to increase and/or form reserves.

27.3 The profits remaining after application of Articles 27.1 and 27.2 shall be put at the disposal of the General Meeting. The Board shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders.

27.4 Distributions from the Company's distributable reserves are made pursuant to a resolution of the General Meeting on the proposal of the Board.

27.5 Provided it appears from an interim statement of assets signed by the Board that the requirement mentioned in Article 27.8 concerning the Company's equity has been fulfilled, the Board may make one or more interim distributions to the holders of Ordinary Shares and/or to the holders of Preference Shares, with regard to Preference Shares, however, subject to the maximum distribution amount set forth in Article 27.1.

27.6 The Board may decide that a distribution on Ordinary Shares shall not take place as a cash payment but in kind, or as a payment in Ordinary Shares, or decide that holders of Ordinary Shares shall have the option to receive a distribution as a payment in cash or in kind and/or as a payment in Ordinary Shares, out of the profit and/or at the expense of reserves, provided that the Board is designated by the General Meeting pursuant to Article 6.2. The Board shall determine the conditions applicable to the aforementioned choices.

27.7 The Company's policy on reserves and dividends shall be determined and may be amended by the Board. The adoption, and thereafter each amendment of the policy on reserves and dividends, shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.

27.8 Distributions may be made only insofar as the Company's equity exceeds the amount of the paid-in and called-up part of the issued capital, increased by the reserves which must be kept by virtue of the law or these Articles of Association.

27.9 All distributions may be made in another currency than euro.

PROPOSED PROFIT APPROPRIATION

JDE Peet's' Board proposes to pay a dividend of EUR 0.70 per share in cash related to FY 23. The dividend will be paid in two instalments of EUR 0.35 each. The first payment date will be on Friday 12 July 2024, with the ex-dividend date on Monday 8 July 2024 and the record date on Tuesday 9 July 2024. The second payment date will be on Friday 24 January 2025, with the ex-dividend date on Monday 20 January 2025 and the record date on Tuesday 21 January 2025. The dividend proposal is subject to approval by the Annual General Meeting of Shareholders to be held on Thursday 30 May 2024.

INDEPENDENT AUDITOR'S REPORT

To the shareholders and the Board of JDE Peet's N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 INCLUDED IN THE 2023 ANNUAL REPORT

We have audited the financial statements for the year ended 31 December 2023 of JDE Peet's N.V., based in Amsterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

OUR OPINION

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of JDE Peet's N.V. as at 31 December 2023, and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of JDE Peet's N.V. as at 31 December 2023, and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The Consolidated Statement of Financial Position as at 31 December 2023.
2. The following statements for the year ended 31 December 2023: the Consolidated Income Statement, the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows.
3. The Notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1. The Company Balance Sheet as at 31 December 2023.
2. The Company Income Statement for the year ended 31 December 2023.
3. The Notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of JDE Peet's N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 48 million (2022: EUR 61 million). The materiality is based on 6.5% of normalized profit before tax (2022: 6.0% of profit before tax). In this respect, 2023 profit before tax was normalized for the EUR 185 million impairment recognized against the Jacobs brand intangible asset (Note 1.6). We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Audits of group entities (components) were performed using materiality levels determined by the judgement of the group engagement team, having regard to the materiality of the consolidated financial statements. Component materiality did not exceed EUR 25 million (2022: EUR 32 million) and for the majority of the components materiality is significantly less than this amount.

We agreed with the Board that misstatements in excess of EUR 2.4 million (2022: EUR 3.0 million), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

JDE Peet's N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of JDE Peet's N.V.

Because we are ultimately responsible for our opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for the group entities (components). Decisive were size and/or risk profile of the components. On this basis, we selected components for which an audit had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. Our assessment of entities that are significant to the group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of material misstatement for significant account balances, classes of transactions, and disclosures that we have identified. In addition, we considered qualitative factors as part of our assessment. In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and by the component auditors. We responded to changes relevant to the group in 2023 in determining the components in our scope and the nature of procedures to be performed. Such components included the company's operations in Brazil, France, Germany, United Kingdom, Russia and the United States.

We have performed audit procedures ourselves at JDE Peet's N.V. corporate entities and operations in the Netherlands. Furthermore, we performed audit procedures at group level on areas such as the group consolidation, financial statement disclosures, impairment testing for goodwill and other intangible assets, group accounting for treasury, group accounting for specific material deferred tax balances, share-based payments, and critical accounting positions subject to management estimates. Specialists were involved, amongst others, in areas such as ESG, treasury, information technology, tax, accounting, pensions and valuations. For component audit teams, the group engagement team provided detailed written instructions, which, in addition to communicating the requirements of component audit teams, detailed significant audit areas and information obtained centrally relevant to the audit of individual components including awareness for risk related to management override of controls.

Where the work was performed by component auditors, we developed a plan for overseeing each component audit team based on its relative significance and specific risk characteristics. Our oversight procedures included physical or remote working paper reviews for, amongst others, the majority of the components listed above, holding conference calls, attending meetings and reviewing component audit team deliverables to gain sufficient understanding of the work performed. The nature, timing and extent of our oversight procedures varied based on both quantitative and qualitative considerations.

The scope of component auditors comprised of full-scope audits and audits of specified account balances and classes of transactions, the coverages achieved in our audit our outlined in the table below:

Audit coverage of consolidated revenues	66%
Audit coverage of consolidated operating profit	72%
Audit coverage of consolidated total assets	94%

For the remaining entities, we performed a combination of specific audit procedures and analytical procedures at group level relating to the risks of material misstatement for significant account balances, classes of transactions, and disclosures that we have identified.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the board exercises oversight, as well as the outcomes. We refer to the risk management section of the annual report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks. Further, for certain selected speak up cases, we evaluated management’s response and remedial actions and measures.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets, bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

The presumed significant risk on revenue recognition has been rebutted. The revenues of JDE Peet's N.V. are diversified in nature across the locations in which the group operates, and average revenues per transaction are relatively low. Sales incentives and marketing accruals exist within the revenue recognition of the group as disclosed in Note 2.2; there remains limited estimation uncertainty associated with these balances at the reporting date.

We identified the following fraud risks and performed the following specific procedures:

Presumed risk of management override of controls
We considered such risk in relation to management override of controls, including evaluating whether there was evidence of bias by the Board or other members of management. Our procedures include an assessment of the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, as these may be indicative of fraudulent financial reporting. We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of management, those charged with governance and others in the group, including but not limited to, in-house legal teams, compliance officers, the Director of Internal Audit and the Group Controller.

We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

Other fraud risks identified
We evaluated whether the judgements and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in Note 1.2 of the financial statements. We performed a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in prior year financial statements. Impairment testing of intangible and fixed assets is a significant area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgement. We identified specific fraud risks with respect to JDE Peet’s N.V. financial reporting in the areas of:

- Goodwill and other intangible assets annual impairment assessment; and
- The impairment recognized against the Jacobs brand intangible asset as a result of the withdrawal of the brand from Russia; and
- The continued control (IFRS 10) of its Russian operations.

Reference is made to the section 'Our key audit matters', where we have further described the audit work performed to mitigate these risks as part of our audit.

For significant transactions, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with amongst others, the Board, and Group Legal Counsel, reading minutes of board meetings, reports of internal audit and discussions with our component audit teams.

We differentiate our audit approach between two categories:

- Rules and regulations that directly impact the financial reporting
- Rules and regulations that indirectly may have material impact on the financial statements

In the first category, we considered adherence to (corporate) tax and pension laws and financial reporting regulations including the requirements under International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code. These directly impact the financial statements and are integral to our audit.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

In the second category, we considered other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposed fines or litigation. Examples of such other laws and regulations are those relating to anti-bribery and corruption, competition and data privacy laws, human rights and sanctions associated with the war in Ukraine.

Our procedures are more limited with respect to laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may however be fundamental to the operating aspects of the business, to JDE Peet’s N.V. ability to continue its business, or to avoid material penalties and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility for these matters that indirectly impact the financial statement is limited to:

i. inquiry with management, those charged with governance, group legal counsel, internal audit and others within JDE Peets N.V.'s as to whether the JDE Peets N.V. is in compliance with such laws and regulations;
ii. inspecting correspondence with the regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements;

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Board, related to going concern under the prevailing standards are outlined in the “Description of responsibilities regarding the financial statements” section below. In fulfilling our responsibilities, we performed procedures including evaluating management’s assessment of the company’s ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity’s ability to continue as a going concern. Management’s conclusion on the company's ability to continue as a going concern is outlined in the Statement of the Board, and in Note 1.1 of the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board. The key audit matters are not a comprehensive reflection of all matters discussed.

In the prior year a key audit matter relating to Goodwill associated with the Out-of-Home segment was identified. IAS 36 requires that goodwill is tested annually for impairment at the lowest level at which goodwill is monitored for internal management purposes, and not be larger than an operating segment. JDE Peet’s N.V. performs its impairment assessment at an operating segment level. As a result of the combination of the CPG Europe and Out-of-Home segments into one European segment ("Europe") (Note 2.1), JDE Peet’s N.V. no longer performs an impairment analysis at the level of the legacy Out-of-Home segment.

We have obtained an understanding of the impact of the merger of the CPG Europe and Out-of-Home segments into the Europe segment, and substantiated whether the internal management structure of the company has changed as a result of the merger. We have performed procedures including inspecting management reporting packages utilized by the Chief Operating Decision Maker (‘CODM’), evaluating changes to the organizational structure of the business, substantiating expenses associated with the restructuring, and modifications to the structure of the budget in future periods.

As a result of the above we have not identified a key audit matter with respect to uncertainty associated with the future cashflows of the Out-of-Home segment.

Goodwill and Other Intangible Assets Impairment Analysis - Significant Estimates and Judgements

Key audit matter	As per December 31, 2023, the Group's balance sheet includes EUR 12,300 million of goodwill (2022: EUR 12,366 million) and EUR 4,417 million of other intangible assets (2022: EUR 4,718 million), as disclosed in Note 3.2 Goodwill and other intangible assets. Of this amount, the goodwill associated with the LARMEA segment amounts to EUR 663 million (2022: EUR 673 million). As disclosed in Note 3.3, management performs an annual impairment test on goodwill and indefinite lived brands and trademarks. The annual goodwill impairment test includes a variety of factors that require significant management judgement for both key valuation assumptions (e.g. discount rates and long-term growth rate) and business assumptions (e.g. forecasted revenue and operating results). IAS 36 requires that goodwill is tested annually for impairment at the lowest level at which goodwill is monitored for internal management purposes, and not be larger than an operating segment. Due to the volatility and uncertainty as a result of the ongoing war in Ukraine, there is an increased level of estimation associated with the Russian country-risk premium. Being an important driver of the discount rate, this Russian country-risk premium increases the sensitivity of the 2023 impairment assessment of the LARMEA segment. We note that a change in conclusion of control of JDE Peet's N.V.'s Russian operations would also impact our assessment. Refer to separate key audit matter below.

Goodwill and Other Intangible Assets Impairment Analysis - Significant Estimates and Judgements

How our audit responded to the key audit matter	We have obtained an understanding of the internal processes including the Board approved budget and controls regarding management's annual impairment test (including their use of third-party valuation experts), how they arrived at their estimates and how they assessed the effect of estimation uncertainty. In our audit we have evaluated the reasonableness of the applied valuation assumptions in the LARMEA segment, the methodologies applied and the data used by the company. We have engaged internal valuation specialists to assist us in evaluating the discount rates and long-term growth rates applied; this evaluation included benchmarking against independent external information and peers in the industry. We paid specific attention to the sensitivity of possible outcomes of the valuation assumptions and evaluated various alternative scenarios addressing underlying uncertainties. Throughout our procedures (and until the date of the financial statements) we have maintained a high level of professional skepticism by, for example, remaining alert for indications of contradictory evidence, including, amongst others, retrospective assessments. We have also assessed the adequacy of the company's disclosure Note 3.3 in the JDE Peet's N.V. consolidated financial statements related to the impairment assessment, including whether sensitivities and assumptions have been appropriately disclosed. Note 1.6 of the financial statements describes new EU sanctions coming into effect from 20 June 2024 that may affect JDE Peet's N.V.'s assessment regarding control of its Russian operations in the financial year 2024 onwards thereby potentially impacting the future cashflows in the LARMEA segment.
Observation	We observe that the annual test of goodwill was conducted in line with the requirements of the reporting framework. The estimated recoverable amount for the LARMEA segment is negatively impacted by the segment WACC rates which remained higher in 2023 than in the period precenting the war in Ukraine. Based on our procedures we have not identified any reportable matters. We have communicated the outcome of our procedures to those charged with governance.

The impairment recognized against the Jacobs brand intangible asset as a result of the withdrawal of the brand from Russia – Significant Estimates and Judgements

Key audit matter	As per December 31, 2023, the Group's balance sheet includes an intangible asset of EUR 1,048 million (2022 EUR 1,233) associated with the Jacobs brand. As disclosed in Note 1.6 and 3.3, in June 2023 the company announced its decision to transition the international Jacobs brand in the Russian market to Monarch. In line with IAS 36.10 and IAS 36.12, the company has assessed this decision to be an indicator for an impairment, triggering a reassessment of the recoverable value of the Jacobs intangible asset. This led to an impairment of EUR 185 million in the first half year of 2023, which has been recorded in the Russian CGU as part of the LARMEA segment. The impairment assessment performed in June 2023, includes a variety of factors that require significant management judgement, for both key valuation assumptions (e.g. discount rates, long term growth rates and royalty rates) and business assumptions (e.g. revenue and operating results).

The impairment recognized against the Jacobs brand intangible asset as a result of the withdrawal of the brand from Russia – Significant Estimates and Judgements

How our audit responded to the key audit matter	We have obtained an understanding of the internal processes, including the Board approved budget and controls regarding management's Jacobs' impairment test (including their use of third-party valuation experts), how they arrived at their estimates and how they assessed the effect of estimation uncertainty. In our audit we have evaluated the reasonableness of the applied business and valuation assumptions, the methodologies applied and the data used by the company. We have engaged internal valuation specialists to assist us in evaluating the discount rates, long term growth rates and royalty rates applied; this evaluation included benchmarking against independent external information. In relation to the business assumptions, we have evaluated management's judgements and estimates related to forecasted cashflows of the Jacobs brand by comparing the business assumptions to historic performance, future outlooks, analyst reports and market outlook, and other relevant data. Furthermore, we have assessed whether there has been an indication for an additional impairment on the Jacobs trademark as per the annual impairment test on September 30, 2023, by evaluating whether there has been significant changes to the valuation and business assumptions as applied in the impairment test per June 2023. Throughout our procedures (and until the date of the financial statements) we have maintained a high level of professional skepticism by, for example, remaining alert for indications of contradictory evidence, including, amongst other, retrospective assessments. We have also assessed the adequacy of the company's disclosure in Note 1.6 and 3.3 in the JDE Peet's N.V. consolidated financial statements related to the impairment assessment, including whether sensitivities and assumptions have been appropriately disclosed.
Observation	Based on our procedures performed and our assessment of the disclosures made, we have not identified any reportable matters. Our audit procedures are deemed appropriate and sufficient to address the risk of material misstatements related to the Jacobs impairment. We have communicated the outcome of our procedures to those charged with governance.

JDE Peet's N.V. assessment of continued control of its Russian operations – Significant Judgement	
	IFRS 10 sets out that an investor has control over another entity if and only if the investor has all of the following elements: • power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns) • exposure, or rights, to variable returns from its involvement with the investee • the ability to use its power over the investee to affect the amount of the investor's returns. In the year ended 31 December 2023, the company has concluded that it continued to retain control over its Russian operations, and as such the company has continued to consolidate the results and financial position of its Russian operations throughout the period. As a result of the war in Ukraine, and increased complexity associated with conducting business in Russia for foreign-owned groups, significant judgement exists as to whether these elements are satisfied and the company is able to continue to consolidate the results and financial position of its Russian operations. Russian operations amounts to 5% of the consolidated revenue of the group and 1% of the total assets of the group. The company has disclosed this significant judgement in Note 1.6 to the consolidated financial statements.

JDE Peet's N.V. assessment of continued control of its Russian operations – Significant Judgement	
How our audit responded to the key audit matter	We have inspected the company's evaluation of the requirements of IFRS 10; with specific reference to those elements of control as required by the reporting framework. The timing of our procedures was increased to reflect the dynamic nature of developments in the year, including developments in the international sanction environment over the course of the year. We have evaluated the company's direction of the activities of its Russian operations throughout the year, including group management's interactions with local Russian management teams and the impact of such interactions on the activity of the Russian business. We have made specific inquiries with the company internal and external legal counsel with reference to the Group's continued exposure, or rights, to variable returns and the impact from evolving sanctions. These inquiries included consideration of the company's ability to obtain dividends from Russia, and the impact of relevant sanctions. The procedures performed centrally have been supported by collaboration with the Russian component auditor. Throughout our procedures we have maintained a high level of professional skepticism by, for example, remaining alert for indications of contradictory evidence. We have also assessed the adequacy of the company's disclosure in Notes 1.2 and 1.6 of the consolidated financial statements outlining the situation and the judgements of management. We draw attention to Note 1.6 of the consolidated financial statements, which describes new EU sanctions coming into effect from 20 June 2024. The company has highlighted that certain aspects of these sanctions may affect JDE Peet's N.V.'s assessment regarding control of its Russian operations in the financial year 2024 onwards.
Observation	Based on our procedures performed and our assessment of the disclosures made, we have not identified any reportable matters. Our audit procedures are deemed appropriate and sufficient to address the risk of material misstatements related to control over the Russian operations of JDE Peet's N.V. We have communicated the outcome of our procedures to those charged with governance.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE 2023 ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the 2023 annual accounts contain other information.

The other information consists of:

- Management Board's Report as defined in section Reporting frameworks and legal disclosures in this Annual Report
- Report of the non-executive Directors.
- Remuneration Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard on auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board’s Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

Engagement

We were engaged by the shareholders as auditor of JDE Peet’s N.V. on May 25, 2020, as of the audit for the year ended December 31, 2020 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

JDE Peet’s N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the (partly) marked-up consolidated financial statements, as included in the reporting package by JDE Peet’s N.V. complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and the Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, amongst others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the board regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, March 6, 2024
Deloitte Accountants B.V.

Signed on the original: *M.J. van der Vegte*

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON JDE PEET'S N.V. SELECTED SUSTAINABILITY KPIs

To: the shareholders and the Board of JDE Peet's N.V.

Our conclusion

We have examined selected key performance indicators (further: "KPIs"), as described below, and presented as part of the sustainability report as stated in the Basis of preparation section in the accompanying Annual Report for the year 2023 of JDE Peet's N.V. based in Amsterdam. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed nothing has come to our attention that causes us to believe that the KPIs are not prepared, in all material respects, in accordance with the reporting criteria as included in the section 'Reporting Criteria' of our report.

The scope of our review was to provide limited assurance on the following KPIs for the year 2023 as disclosed in the Basis of preparation section in the Annual Report, namely:

Common Ground Pillar	KPI name
Responsible Sourcing	1. % of responsible sourced green coffee
	2. % of responsibly sourced tea
	3. % of responsibly sourced palm oil
	4. % of deforestation-free virgin pulp & paper
	5. Number of new smallholder farmers reached in 2023
Minimising Footprint	6. Packaging Intensity
	7. % of packaging components designed to be reusable, recyclable, or compostable
	8. % of (absolute) reduction of scope 1 & 2 GHG emissions
	9. Absolute Scope 3 emissions (in tCO_2e)
	10. % of water intensity reduction
	11. Maintain waste to landfill under 1%
Connecting People	12. % of women in leadership positions
	13. % of manufacturing facilities with food-safety certifications
	14. Total Recordable Incidents Rate
	15. Voluntary turnover rate in leadership positions

The information in scope of this assurance report needs to be read and understood in conjunction with the Basis of Preparation of non-financial indicators as included in the Annual Report 2023 in the Reporting period and scopings, Data quality and Basis of preparation sections.

Basis for our conclusion

We have performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie' (Assurance engagements other than audits or reviews of historical financial information). This engagement is aimed at obtaining limited assurance. Our responsibilities under this standard are further described in the 'Our responsibilities for the examination of the KPIs' section of our report.

We are independent of JDE Peet's N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The reporting criteria used for the preparation of the KPIs are disclosed in the annual report sections the Reporting period and scopings, Data quality and Basis of preparation. The comparability of KPIs between entities and over time may be affected by the absence of an uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the KPIs need to be read and understood together with the reporting criteria used.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to this prospective information is future results which are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

In the sustainability information, the calculations to determine KPIs are partly based on assumptions and sources from third parties. The assumptions and sources used are disclosed in the Basis of preparation section of the annual report. We have reviewed that these assumptions and external sources are appropriate, but we have not performed procedures on the content of these assumptions and external sources. Also we note that in accordance with the reporting criteria we evaluate whether compliance of a KPI is substantiated by either a third-party verification or other information provided by third parties for example evidenced by a certificate or confirmation (together: “third party info”). For example, in the Basis of preparation section, the Company highlights that the basis of preparation is reliant on confirmations from suppliers that individual materials supplied fall under FSC and PEFC certification schemes. We have not performed any procedures on the objectivity or competence of the third party or its processes underpinning this third party info.

The references to external sources or websites in the sustainability information are not part of the sustainability information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities of the Board for the KPIs

The Board of the Company is responsible for the preparation of the KPIs in accordance with the reporting criteria as included in the ‘Reporting Criteria’ section, including the identification of the intended users and the definition of material matters. The Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the Board regarding the scope of the KPIs and the reporting policy are summarised in the Reporting period and scopings, Data quality and Basis of preparation sections of the annual report.

Furthermore, the Board is responsible for such internal control as it determines is necessary to enable the preparation of the KPIs that are free from material misstatement, whether due to fraud or errors.

The Board is responsible for overseeing the reporting process of JDE Peet’s N.V.

Our responsibilities for the review of the KPIs

Our responsibility is to plan and perform the limited assurance assignment in a manner that allows us to obtain sufficient and appropriate evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

We apply the ‘Nadere voorschriften kwaliteitssystemen’ (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company including a media search to identify relevant risks and issues within the scope of the assurance engagement during the reporting period.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures for the KPIs. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive board.
- Obtaining through inquiries a general understanding of the control environment, processes and information systems relevant to the preparation of the KPIs, but not to obtain assurance evidence about their implementation or their operating effectiveness.
- Obtaining an understanding of the procedures performed by the internal audit department.
- Identifying areas of KPIs with a higher risk of misleading or unbalanced information or material misstatements, whether due to errors of fraud. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted, amongst others, of:
  - interviewing management responsible for the sustainability strategy, policy and results;
  - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data for the KPIs;
  - obtaining assurance information that the sustainability information reconciles with underlying records of the company;
  - reviewing, on a limited test basis, relevant internal and external documentation;
  - performing an analytical review of the data and trends.
- Evaluating the consistency of the KPIs with the information in the annual report which is not included in the scope of our review.
- Evaluating the presentation, structure and content of the sustainability data;
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Board regarding, among other matters, the planned scope and timing of the review and significant findings, if any, that we identify during our review.

Amsterdam, March 6, 2024
Deloitte Accountants B.V.

Signed on the original: *M.J. van der Vegte*

SUPPLEMENTARY INFORMATION

INVESTOR RELATIONS

INVESTOR RELATIONS POLICY

JDE Peet's is committed to supporting investors and analysts become better acquainted with JDE Peet's and its management. We are also dedicated to maintaining a long-term relationship of trust with the investment community at large, while complying with applicable rules and regulations on fair disclosure. To ensure this, we have put in place a detailed communication programme to maintain proper communication with (potential) shareholders and analysts. Events related to Investor Relations are available in the Financial Calendar section on our corporate website.

Consistent with JDE Peet's' Policy on Bilateral Contacts with Investors and Analysts, no meetings with (potential) shareholders or equity analysts will be held in a pre-defined period between the end of the reporting period and the dates at which the semi-annual and annual results are published. During these periods, the company refrains from making presentations at financial conferences, or one-on-one meetings with equity analysts or investors. Exceptions may apply, for example, if communication relates to factual clarifications of previously disclosed information.

SHAREHOLDER ENGAGEMENT

We attach great value to maintaining an open dialogue with shareholders, investors and analysts. This promotes transparency and enables us to receive valuable feedback. Moreover, we apply an active investor relations approach aimed at supporting the company's long-term ambitions by keeping (potential) shareholders and analysts well-informed about our strategy and the latest operational and financial developments. JDE Peet's reports a full set of financial results on a semi-annual basis, supported by conference calls for analysts and institutional investors, to discuss these results, which can be accessed and replayed on the Investor Relations website.

JDE Peet's also conducts extensive investor outreach throughout the year, involving members of the Investor Relations team and members of the Global Leadership team, to ensure that areas of interest which matter most to (potential) shareholders can be addressed effectively.

INFORMATION ABOUT THE SHARES AND THE SHAREHOLDER BASE

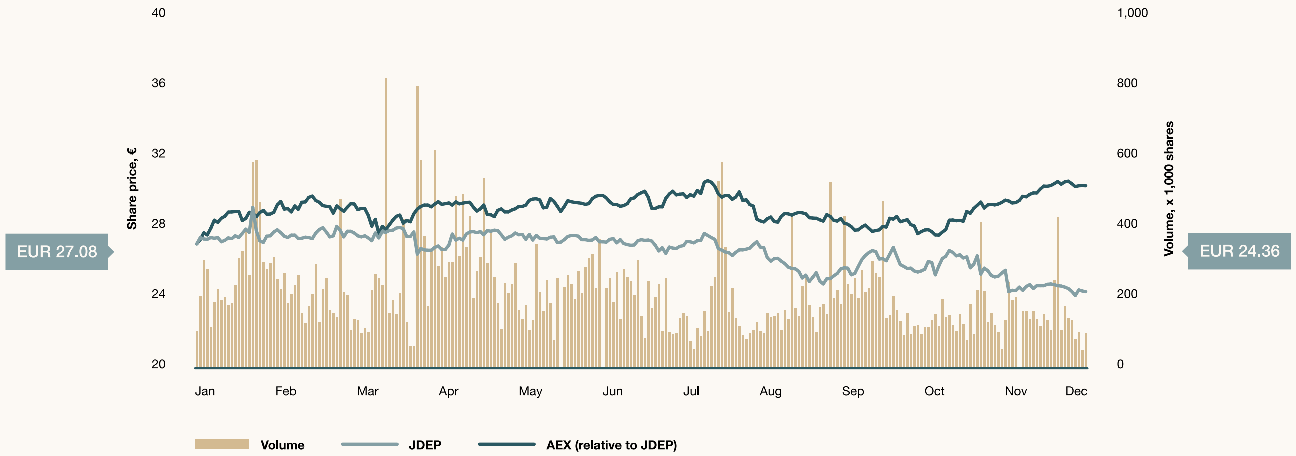
JDE Peet's was listed and began trading on the Euronext Amsterdam stock exchange on 29 May 2020 under the ticker "JDEP" and ISIN code NL0014332678. Options on JDE Peet's ordinary shares began trading on the European Option Exchange in Amsterdam (Euronext.Liffe) on 14 August 2020. JDE Peet's is included in various indices, such as the MSCI Standard Developed Europe index, the STOXX index, and the Euronext AMX midcap index.

On 31 December 2022, the total number of issued ordinary shares in the share capital of JDE Peet's amounted to 502,745,857. On 28 July 2023, the company cancelled 15.3 million of its treasury shares. As a result, the total number of issued ordinary shares in the share capital of JDE Peet's amounted to 487,445,857 on 31 December 2023.

On 31 December 2023, Acorn Holdings B.V. held 287,981,738 ordinary shares, and Mondelez International Holdings Netherlands B.V. held 85,876,095 ordinary shares of the company's total shares outstanding. These two holdings together represented 77% of the company's total shares outstanding, resulting in a free float of 23% on 31 December 2023. These percentages are regularly updated in the Share Info section of JDE Peet's' investor relations website.

The Dutch Financial Supervision Act requires institutions and individuals holding a (potential) capital and/or voting interest of 3% or more in JDE Peet's, to disclose such to the Netherlands Authority for the Financial Markets (AFM). The AFM processes these disclosures in its publicly available register, which can be found at www.afm.nl. Based on the filings to the AFM, and to the best of our knowledge, on 31 December 2023, shareholders with (potential) holdings of 3% or more were Agnaten SE, Lucresca SE, Mondelez International Inc. and Mawer Investment Management Ltd.

The following graph depicts the evolution of JDE Peet's' share price and volumes traded since the start of 2023.



The average daily trading volume in JDE Peet's' shares at Euronext Amsterdam in 2023 was 245,572 shares, compared to 309,466 shares in 2022.

On the basis of a total number of issued ordinary shares of 487,445,857 and the closing share price on 31 December 2023 of EUR 24.36, JDE Peet's' market capitalisation was EUR 11.9 billion at the end of 2023.

CAPITAL ALLOCATION POLICY

JDE Peet's' capital allocation framework guides the company in the creation of long-term value for its shareholders. The company has a disciplined approach to capital allocation, with the aim of generating an ecosystem of growth, financial flexibility, and returns. It is on the foundation of these principles that JDE Peet's established the following capital allocation priorities, in decreasing order of importance:

1. **Investing behind the organic growth opportunities within its existing businesses** — These investments are made in JDE Peet's' portfolio of brands and appliances, capabilities, environmental and social ambitions, and the company's talent, which are crucial to support the long-term growth and health of its businesses.

2. **Deleveraging** — JDE Peet's targets an optimal leverage of around 2.5 times net-debt to adjusted EBITDA. Since 2019, the company has significantly reduced its debt level. At the end of 2023, the company's leverage stood at 2.73 times net debt to adjusted EBITDA.

3. **Inorganic growth opportunities** — JDE Peet's continues to consider inorganic opportunities, such as M&A and partnerships, as part of the company's growth agenda. However, while JDE Peet's' leverage is above its optimal leverage of around 2.5 times, the company will not prioritise transformational cash or debt-funded acquisitions.

4. **Return of cash to shareholders through dividends** — JDE Peet's expects its excess cash to contribute to shareholder remuneration by aiming for a stable or increasing dividend per share, while the pace will be determined by the company's capital allocation priorities. More information on dividends can be found in the company's dividend policy below.

5. **Share repurchases** — JDE Peet's will not consider share repurchases while the company's leverage is above its optimal level of around 2.5 times. JDE Peet's will assess market dynamics while managing its prioritisation.

DIVIDEND POLICY AND PROPOSED DIVIDEND

The Dividend Policy of JDE Peet's intends to preserve the independence of the company and maintain a healthy financial structure. Dividend distribution will be done in a prudent and disciplined manner, ensuring that the company retains sufficient earnings to fulfil its first three capital allocation priorities, which are key to the sustainable development of the business. The ability and intention of the company to declare and pay dividends in the future will mainly depend on its financial position, results of operations, capital requirements, investment prospects, the existence of distributable reserves and available liquidity, and such other factors as the Board may deem relevant; and are subject to factors that are beyond the company's control. Subject to the aforementioned limitations, the company intends to provide a stable or increasing dividend per share, while the pace will be determined by the company's capital allocation priorities. These dividends will be paid in two equal instalments.

JDE Peet's' Board proposes to pay a dividend of EUR 0.70 per share in cash related to 2023. The dividend will be paid in two instalments of EUR 0.35 each. The first payment date will be on Friday 12 July 2024, with the ex-dividend date on Monday 8 July 2024 and the record date on Tuesday 9 July 2024. The second payment date will be on Friday 24 January 2025, with the ex-dividend date on Monday 20 January 2025 and the record date on Tuesday 21 January 2025. The dividend proposal is subject to approval by the Annual General Meeting of Shareholders to be held on Thursday 30 May 2024. More information on the upcoming AGM can be found in the next section.

Dividend in cash is, in principle, subject to 15% Dutch dividend withholding tax, which will be deducted from the dividend in cash paid to shareholders. A shareholder's claim to payments of dividends lapses five years after the day on which the claim became payable. Any dividends that are not collected within this period revert to the company.

ANNUAL GENERAL MEETING 2024

The AGM is scheduled for Thursday 30 May 2024. The agenda and the explanatory notes to the agenda will be published on the company's corporate website.

FINANCIAL CALENDAR 2024 and 2025

	2024
Annual General Meeting of Shareholders	30 May
Ex-dividend date (first instalment)	8 July
Dividend record date (first instalment)	9 July
Dividend payment date (first instalment)	12 July
First-half results 2024	31 July

	2025
Ex-dividend date (second instalment)	20 January
Dividend record date (second instalment)	21 January
Dividend payment date (second instalment)	24 January

ADDITIONAL INFORMATION & CONTACT

JDE Peet's' corporate website provides comprehensive information about the company and its shares, including company announcements, annual and semi-annual reports, financial data, investor presentations, webcasts and transcripts, and a financial calendar. At the end of 2023, JDE Peet's was covered by 13 equity analysts. The analysts' names and consensus estimates can also be found on the website.

CONTACT

Shareholders, investors and equity analysts are invited to contact Investor Relations with any information requests they have:

JDE PEET'S INVESTOR RELATIONS

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+31 20 558 1212

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control and all of which are based on our current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “aim”, “annualised”, “anticipate”, “assume”, “believe”, “continue”, “could”, “estimate”, “expect”, “goal”, “hope”, “intend”, “may”, “objective”, “plan”, “position”, “potential”, “predict”, “project”, “risk”, “seek”, “should”, “target”, “will” or “would” or the highlights or the negatives thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. These forward-looking statements and other statements contained in this report regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing us. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Forward-looking statements in this report speak only as of the date of this report. Except as required by applicable laws and regulations, we expressly disclaim any obligation or undertaking to update or revise the forward-looking statements contained in this report to reflect any change in our expectations or any change in events, conditions or circumstances on which such statements are based.

GLOSSARY

SELECTED INDUSTRY AND COMPANY-SPECIFIC TERMS

- **Away-from-Home:** coffee & tea products purchased for consumption outside of the home at offices, hotels, bars, restaurants etc. as well as in coffee stores.
- **Carbon footprint**: the amount of carbon dioxide released into the atmosphere as a result of the activities of a particular individual, organisation, or community or the manufacturing, use and disposal of a product.
- **Certified or verified:** coffee or tea that a third party (for example, the Rainforest Alliance or Ethical Tea Partnership) has independently certified or verified as meeting its sustainability requirements.
- The Coffee Sustainability Reference Code: provides a foundation to support the primary principles of sustainable coffee production. This reference code offers a common language to enable farmers, producer organisations and their business partners, as well as donors, NGOs, financial institutions and governments to advance their coffee sustainability efforts, collaboratively and effectively.
- **Developed market:** developed economies as defined by the United Nations Conference on Trade and Development (Development Status Groups and Composition, 12 July 2019).
- **Direct (Scope 1) GHG emissions:** The sum of all on-site GHG emissions at JDE Peet's' manufacturing facilities which arise from combustion processes used to manufacture products. These GHG emissions can result from burning of fuels in boilers, roasters, dryers or from electric generators. This indicator corresponds to Scope 1 of the GHG Protocol. GHG included in the calculation are CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3. The CO2 equivalents from refrigerants losses were deemed immaterial and are excluded. Emissions are calculated using fuel-specific factors from DEFRA and IEA and purchased energy quantities. Biogenic emissions from the combustion of spent coffee grounds and other biomass are assumed to be zero. The consolidation follows the operational control method outlined in the 'GHG Protocol Corporate Standard'.
- **Emerging markets**: transition economies and developing economies as defined by the United Nations Conference on Trade and Development (Development Status Groups and Composition, 12 July 2019).
- **Energy indirect (Scope 2) GHG emissions:** GHG emissions arising from the generation of electricity, heating, cooling and steam which is purchased by JDE Peet's manufacturing facilities or otherwise brought into our organisational boundaries. The emissions physically occur at the facility where the electricity, heating/cooling carriers or steam are generated. Publicly available country-specific default factors or supplier-specific factors when available are used to calculate this from the purchased energy quantities. This indicator corresponds to Scope 2 of the GHG Protocol. GHG included in the calculation are CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3.
- **Energy intensity ratio:** the energy used for the manufacturing of our products at our manufacturing facilities, including all fuels, electricity, heating, cooling and steam, in gigajoules per tonne of production.
- **Enveritas:** a nonprofit that provides sustainability assurance for the coffee industry.
- **Fairtrade:** a leader in the global movement to make trade fair, the organisation supports and challenges businesses and governments and connects farmers and workers with the people who buy their products.
- **4C**: an independent, stakeholder-driven, internationally recognised sustainability standard for the coffee sector.
- **GHG intensity ratio:** The GHG emissions arising from the complete value chain in tonnes of CO2e per tonne of production. This covers direct (Scope 1), energy indirect (Scope 2 market based), and indirect value chain (Scope 3) GHG emissions.
- **Glyphosate:** a widely used herbicide that controls broadleaf weeds and grasses.
- **Green coffee:** raw coffee beans that have not been roasted.
- **In-Home:** packaged coffee & tea products purchased for consumption at home.
- MSU: Marketing sales unit (our markets, so retail and away-from-home in some countries).
- MU: Manufacturing unit (our factories/plants).
- **Multi-serve:** coffee products for multi-cup use, as opposed to single-cup use.
- **NFRD:** the Non-Financial Reporting Directive which lays down the rules on disclosure of non-financial and diversity information by large companies.
- **One Planet Business for Biodiversity (OP2B):** an international cross-sectorial, action-oriented business coalition on biodiversity with a specific focus on agriculture.
- **Out-of-Home:** coffee & tea products purchased for consumption outside of the home through our Out-of-Home coffee solutions.
- **Pay equity-gap:** The average difference between the pay of all men and all women, after taking into account factors such as the level of each role and pay differences by work location.
- **Playbooks:** we use playbooks across the company, and they contain processes, policies, and operating procedures relevant to specific departments.
- **Rainforest Alliance:** an international non-governmental organisation working to create a more sustainable world by using social and market forces to protect nature and improve the lives of farmers and forest communities.
- **Ready-to-drink:** beverages that are sold in a prepared form, ready for consumption by consumers.

- **Responsibly sourced green coffee[87]:** Responsibly sourced green coffee covered by a sustainability scheme recognised by the coffee industry, such as GCP Equivalence Mechanism, including, Enveritas, Rainforest Alliance, 4C, Fairtrade, etc.
- **Responsible sourced palm oil[87]:** Direct responsibly sourced palm oil refers to the purchased palm oil with Roundtable on Sustainable Palm Oil (RSPO) certification.
- **Responsibly sourced tea[87]:** Responsibly sourced tea (Camellia sinensis) and rooibos (Aspalathus linearis) refer to the tea (processed tea from sensitive origin) and rooibos purchased or manufactured by JDE Peet's for which the supplier has been independently audited by a recognised third party as meeting its sustainability requirements. These third parties may include, but are not limited to, Rainforest Alliance/UTZ, Fairtrade, ETP, Enveritas, etc.
- **RSPO (Roundtable on Sustainable Palm Oil):** aims to promote the growth and use of sustainable palm oil products through global standards and multistakeholder governance.
- **SBTi (Science Based Targets initiative)**: Defines and promotes best practice in emissions reduction and net-zero targets in line with climate science. Provides technical assistance and expert resources to companies who set science-based targets in line with the latest climate science.
- **SBTN (Science Based Targets Network):** a group of organisations working to shape private sector and city impacts on nature by using science-based targets.
- **Scope 1 GHG emissions:** The sum of all on-site GHG emissions at JDE Peet's' manufacturing facilities which arise from combustion processes used to manufacture products. This indicator corresponds to Scope 1 of the GHG Protocol. GHG included in the calculation are CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3.
- **Scope 2 GHG emissions:** GHG emissions arising from the generation of electricity, heating, cooling and steam which is purchased by JDE Peet's manufacturing facilities or otherwise brought into our organisational boundaries. This indicator corresponds to Scope 2 of the GHG Protocol. GHG included in the calculation are CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3.
- **Scope 3 GHG emissions:** are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain. Scope 3 emissions include all sources not within an organisation's Scope 1 and 2 boundary. These cover both upstream and downstream value chains, and are reported in line with the GHG protocol, using the operational control approach
- **Sedex (Supplier Ethical Data Exchange):** the largest collaborative platform for sharing ethical supply chain data.
- **Smallholder farmer:** small-scale agricultural producers that primarily rely on family or household labour or workforce exchange with other members of the community
- **SHE Expert:** Safety, Health and Environmental Expert..
- **Single-serve:** coffee products for single-cup use, as opposed to multi-cup use.
- **The Taskforce on Climate-related Financial Disclosures (TCFD):** a market-led, science-based and government-backed initiative providing organisations with the tools to act on evolving climate-related issues.
- **The Taskforce on Nature-related Financial Disclosures (TNFD):** a market-led, science-based and government-backed initiative providing organisations with the tools to act on evolving nature-related issues.
- **Volume:** servings of coffee that can be made from various forms of coffee products.
- **Waste intensity ratio:** The waste generated in the manufacturing of our products at our manufacturing facilities in tonnes per tonne of production. Volumes are typically based on recorded volumes by a third party managing the waste.
- **Water stressed areas:** Locations for which WRI's Aqueduct Water Risk Atlas tool shows Baseline Water Stress as high or extremely high.
- Water withdrawal ratio: The water withdrawal (in cubic meter) required to make one tonne of product.
- **World Environment Day:** An annual platform for environmental public outreach led by the United Nations Environment Programme (UNEP)

[87] As used in this Annual Report, a product or material which is "responsibly sourced" means that such product or material satisfies the applicable definition contained in the section BASIS OF PREPARATION of the Annual Report.

SELECTED ABBREVIATIONS

- **AGM:** Annual General Meeting of Shareholders
- **APAC:** Asia Pacific
- **CHRO:** Chief Human Resources Officer
- **CO2e:** Carbon dioxide equivalent, a standard unit for measuring GHG emissions
- **CPG:** Consumer packaged goods
- **COSO:** Committee of Sponsoring Organizations of the Treadway Commission
- **DSD:** Direct store delivery
- **EBIT:** Earnings before interest and tax
- **ERM:** Enterprise risk management
- **ERP:** Enterprise resource planning
- **ESG:** Environmental, social and governance
- **ETP:** The Ethical Tea Partnership
- **FMCG:** Fast Moving Consumer Goods
- **GAIN:** Global Alliance for Improved Nutrition
- **GCC:** Global Compliance Council
- **GCP:** Global Coffee Platform
- **GHG:** Greenhouse gas
- **GRI:** Global Reporting Initiative, an organisation that publishes international standards for non-financial reporting
- **HACCP:** Hazard Analysis and Critical Control Point
- **ICO:** The International Coffee Organization
- **ICS:** Internal Control Supervisor
- **IDH:** The Sustainable Trade Initiative
- **IFRS:** The International Financial Reporting Standards
- **IIRC:** International Integrated Reporting Council
- **ILO:** The International Labour Organisation
- **IPCC:** The Intergovernmental Panel on Climate Change, the United Nations body for assessing the science related to climate change
- **IPO:** Initial Public Offering
- **LCA:** Life Cycle Analysis
- **LARMEA:** Latin America, Eastern Europe, Middle East and Africa
- **OP2B:** The One Planet Business for Biodiversity coalition
- **PPP:** Public-private partnership
- **QMS:** Quality Management System
- **RSPO:** Roundtable on Sustainable Palm Oil
- **S&OP:** Standardised sales and operation planning
- **SBTi:** the Science Based Target initiative
- **SCC:** The Sustainable Coffee Challenge
- **SDGs:** The United Nations Sustainable Development Goals
- **SKU:** Stock keeping unit
- **TCFD:** Task Force on Climate-related Financial Disclosures
- **TNFD:** Task Force on Nature-related Financial Disclosures
- **TRIR:** Total Recordable Incidents Rate
- **USAID:** United States Agency for International Development
- **WCR:** World Coffee Research

NON-IFRS DEFINITIONS

- **Adjusted depreciation and amortisation (adjusted D&A)**: Adjusted depreciation and amortisation is defined as depreciation, amortisation and impairment, adjusted for the depreciation, amortisation and impairment already included in the adjusting items as included in adjusted EBIT.
- **Adjusted EBITDA:** Adjusted EBITDA are defined as operating profit before depreciation, amortisation and impairment, adjusted for the same factors as listed under adjusted EBIT.
- **Adjusted EBIT:** Adjusted EBIT are defined as profit for the period, adding back finance income, finance expense, share of net profit of associates and income tax expense adjusted for alternative performance measures as included in the consolidated financial statements for the year, note 2.1.
- **Adjusted gross profit:** Adjusted gross profit is defined as reported gross profit adjusted for the same factors as listed under adjusted EBIT to the extent related to revenue and cost of sales.
- **Adjusted income tax expense:** Adjusted income tax expense is defined as income tax expense adjusted for the effect of tax rate changes on deferred tax assets/liabilities and the non-recurring items, such as tax reserves and tax audit adjustments.
- **Adjusted financial income and expense:** Adjusted financial income and expense is defined as financial income and expense, adjusted for the effect of non-recurring items such as the settlement benefits of the derivatives related to the legacy financing structure in 2022.
- **Free cash flow:** Free cash flow is defined as net cash provided by operating activities less purchases of property, plant and equipment and intangible assets.
- **Net debt:** Net debt is defined as total borrowings less cash and cash equivalents, excluding cash not at the free disposal of the Company.
- **Net leverage ratio:** Net leverage ratio is defined as net debt divided by adjusted EBITDA of the last twelve months.
- **Operating working capital:** Operating working capital is defined as inventories and net trade receivables net less trade payables.
- **Organic adjusted EBIT:** Organic adjusted EBIT is defined as adjusted EBIT translated at the prior year average foreign exchange rate and adjusted for scope changes (a.o. M&A, divestitures and new business ventures) and other items. To determine organic adjusted EBIT in a given year, adjusted EBIT in that year is translated at the average foreign exchange rate of the comparable year and excludes adjusted EBIT from acquired/divested companies until 12 months following the transaction date.
- **Organic adjusted gross profit:** Organic adjusted gross profit is defined as adjusted gross profit translated at the prior year average foreign exchange rate and adjusted for scope changes (a.o. M&A, divestitures and new business ventures) and other items. To determine organic adjusted gross profit in a given year, adjusted gross profit in that year is translated at the average foreign exchange rate of the comparable year and excludes gross profit from acquired/divested companies until 12 months following the transaction date.
- **Organic adjusted selling, general and administrative expenses:** Organic adjusted selling, general and administrative ("SG&A") expenses are defined as reported SG&A expenses translated at the prior year average foreign exchange rate and adjusted for scope changes (a.o. M&A and divestitures) and adjusted for alternative performance measures.
- **Organic sales:** Organic sales are defined as revenue translated at the prior year average foreign exchange rate and adjusted for scope changes (a.o. M&A, divestitures and new business ventures) and other items. To determine organic sales in a given year, revenue in that year is translated at the average foreign exchange rate of the comparable year and excludes revenue from acquired/divested companies until 12 months following the transaction date.
- **Organic sales growth:** Organic sales growth is defined as the growth in organic sales between the given and comparable year.
- **Total liquidity:** JDE Peet's considers total liquidity to be the available cash and cash equivalents recognised on the balance sheet (excluding restricted cash) and the undrawn amount under the revolving credit facility.
- **Underlying effective tax rate:** The underlying effective tax rate is determined based on the reported effective tax rate adjusted for the tax rate effect of tax reserves, audit adjustments and the tax effect of adjusting items.
- **Underlying income tax expense:** Underlying income tax expense is determined as the reported tax expense normalised for the tax effect of tax reserves, audit adjustments, reversals of previous recognised deferred tax assets and the tax effect of adjusting items.
- **Underlying profit:** Underlying profit is defined as adjusted EBIT for the period including adjusted financial income and expenses, adjusted income tax expense and adjusted for minority shareholders

A COFFEE & TEA FOR EVERY CUP