JDE PEET'S N.V.

ANNUAL REPORT 2022

JDE Peet's

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 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:

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

OUR BUSINESS

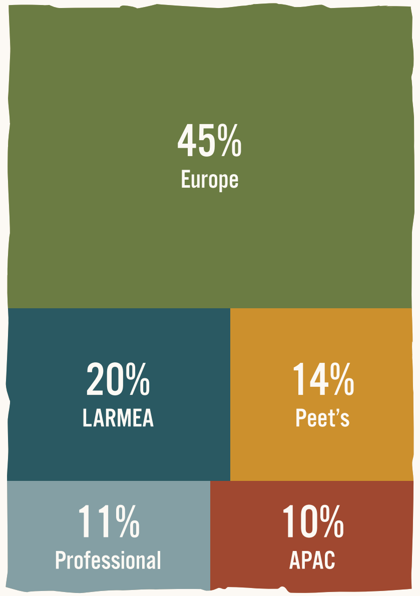
We are a global business with a supply chain reaching over 100 markets. To truly understand the needs of our customers and consumers, we work at regional and local levels to surpass their evolving expectations. Our business is organised across five commercial segments, taking into account coffee & tea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

1 SEC

Every second
4,200
cups of coffe and tea are served by JDE Peet's

41%
women in leadership positions

Sales by segment



Present in
100+
markets

Number 1 or 2 position in
43
markets

These markets generated
74%
of total sales

77%
responsibly sourced coffee

20,710
employees

96
nationalities

24
countries

43
facilities

61
active projects with smallholder farmers

TABLE OF CONTENTS

Disclaimer — This copy of the annual report of JDE Peet's N.V. for the year 2022 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

KEY HIGHLIGHTS 2022

€ 8.2bn
Total sales

11.3% organic sales growth

€ 6.5bn
In-Home

€ 1.6bn
Away-from-Home

SALES AND ADJUSTED EBIT SPLIT BY SEGMENT

Segment	Sales EUR	Organic change	Adj EBIT (EUR)	Organic change
Europe	3,640mn	1.8%	807	-26.2%
LARMEA	1,616mn	32.5%	296	38.1%
Peet's	1,141mn	12.2%	147	9.8%
Out-of-home	908mn	26.6%	119	31.6%
APAC	814mn	10.1%	123	6.6%

132.7bn
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 32)

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 following SDGs:

1 NO POVERTY
2 ZERO HUNGER
5 GENDER EQUALITY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

Additional information can be found on the JDE Peet's website

Common Grounds

Our sustainability programme is focussed on three pillars:

Common Grounds (page 45)

Responsible Sourcing
Fostering thriving agricultural supply chains

Minimising Footprint
Reducing our environmental impact step-by-step

Connecting People
Engaging our employees and our communities

2022 YEAR IN REVIEW

Q1

- JDE Peet's committed to SBTi-approved greenhouse gas emission reduction targets across its value chain. These new targets underscore our commitment to create a better future by actively working to minimise our operational footprint.
- Tassimo strengthened its L'OR portfolio with a Decaf Lungo, extending coffee consumption moments throughout the day.
- Celebrating the diversity in our coffee ecosystem and aligning with consumer interest in coffee associated with a cause, Peet's Jubilant Blend honoured Black History Month by celebrating two black, female pioneers who have broken racial barriers in coffee importing.
- We created the Gevalia Farmers Initiative, a high-quality coffee range that funds carefully selected projects to support coffee farming communities in their daily lives. For each bag of this special coffee purchased by consumers, we donate to a project within the JDE Peet's Common Grounds programme to help improve the livelihood of coffee farming communities.
- In response to the war in Ukraine, we improved our medical insurance programme adding coverage for injuries/recovery (including psychological) connected with military actions, increased coverage of non-standard cases, improved the pregnancy and child insurance programme, and improved the medical screening and prophylaxis programme. Alongside the help the company provided to all our Ukrainian employees, there was an incredible response from colleagues along border countries: Poland, Romania, Hungary, Czech Republic, Germany, Slovakia, and Moldova. Teams from JDE Peet's met colleagues, their partners, children, parents and siblings that made it across a border, and then helped them to a place of safety, providing them with accommodation, meals and access to communication so that they could plan their onward journey or take advantage of temporary housing. Our colleagues from Poland started the "Guardian Angel" programme, with employees in Poland acting as "buddies" to Ukrainian families, providing them with help and assistance during their stay in the country.

Q2

- JDE Peet's carried out a share repurchase, totalling EUR 500 million. The shares were purchased from our shareholder Mondelez International Holdings Netherlands B.V. at a price per share equal to the market closing price on Friday 6 May 2022.
- We united our sustainability agenda under Common Grounds, our CEO-led sustainability programme that has become the home of our sustainability journey where "You grow, we grow, and coffee & tea grows".
- We increased our responsibly sourced coffee from 30% towards 77% globally in 2022. We also, included EUR 150 million in our long-term strategic growth plans, to spent on a responsible sourcing programme over the next 5 years.
- JDE Peet's' Moccona Mocha range was awarded Product of the Year based on a survey which assesses opinions on innovation, use, satisfaction and purchasing intent.
- In Germany, our Jacobs brand was recognised as one of the 'biggest mover' brands after successfully launching a locally developed Jacobs Core campaign across the country.
- We launched L'OR Artiste in the UK and Ireland. L'OR Artiste is a super premium microground coffee with a unique complexity and taste nuance that is expertly blended.

Q3

- JDE Peet's ESG rating was upgraded to the top fourth percentile within the Packaged Foods subindustry by Morningstar Sustainalytics, a leading ESG ratings provider. We improved our scores across all 11 assessment categories that Sustainalytics applies, with the biggest improvements occurring in Occupational Health and Safety, Carbon-Own Operations, and Human Rights-Supply Chain.
- We launched our L'OR Barista capsules system in five markets in 2019. By the end of 2022, the system was available in 10 markets, reaching important milestones.
- JDE Peet's partnership with Tim Hortons, to which we supply espresso capsules compatible with Nespresso® Original Line Coffee Machines, led to the launch of a range of Tim Hortons® Espresso Capsules at Amazon, grocery stores, and participating Tim's restaurants across Canada.
- JDE Peet's acquired L2M Heritage SAS ("L2M"), further strengthening our premium tea and tisane (herbal tea) portfolio in France[1].
- JDE Peet's signed a partnership agreement with Americana to open coffee stores in several countries in the Middle East.

Q4

- JDE Peet's launched the Senseo® Maestro machine, offering variety with three high-quality coffee recipes: long classic, intense, and a new improved Espresso thanks to the innovative IntensePlus technology, a new multiphase brew mode that allows optimum extraction for our most authentic espresso with rich, fine and darker crema. The system was designed to be more sustainable, and is made with 80% recycled plastics[2], uses 42% less energy[3], and has an auto shut-off function.
- Our Tassimo brand continued to introduce new flavours through its Coffeeshop Selections range, with the launch of Crème Brûlée Latte, bringing 'coffee shop specialities' to consumers at home.
- Our Oldtown brand launched Salted Caramel White Coffee in Singapore and Malaysia, a first in those markets.
- From January 2023, all Belgian residents can sort their aluminium coffee capsules in a uniform and efficient form, simply by depositing them in the New Blue Bag. This initiative is the result of years of collaboration between JDE Peet's, Nespresso and Nestlé together with Fost+ to ensure easier recycling of aluminium capsules for consumers.

1 More information can be found in note 3.1 of the Consolidated Financial Statements section in this report.
2 Where possible. Food contact materials (FCM) cannot be made from recycled plastic (EU Reg. 282/2008). Excl. FCM, 80% of plastic weight is recycled material.
3 Compared to predecessor model HD7865, using standard EN60661: 2014

LETTER TO OUR SHAREHOLDERS

Dear Stakeholders,

2022 was a year marked by the ongoing effects of the pandemic, historically high inflation across a variety of input costs, the tragic war in Ukraine, and lower consumer confidence, all of which impacted the global economy. At the same time, supply chain disruptions continued to effect companies and their suppliers. At JDE Peet's, we successfully navigated these turbulent times, while simultaneously making strong progress on the refreshed growth- and purpose-led strategy we introduced two years ago. We remained focused on our value creation agenda, targeting profitable and sustainable revenue growth, contributing to a stronger, more productive, and more inclusive enterprise.

FABIEN SIMON

OLIVIER GOUDET

Our success was made possible by the resilience, resolution and agility of our people, who worked incredibly hard to enable us to successfully pursue our company purpose to unleash the possibilities of coffee & tea to create a better future. We maintained high quality standards for our consumers and customers, reinvested in core assets, rebuilt employee pride and engagement, transformed from a laggard to a leader in ESG, while resuming cost competitiveness and achieving our financial commitments. Strengthening our fundamentals, our brands and our innovation capabilities elevates our growth trajectory and our ability to create a sustaining long-term shareholder return and societal value.

FINANCIAL PERFORMANCE

Despite the challenging environment in which we operated in 2022, we delivered against all the financial targets we set out at the start of the year. This is a clear testament to our discipline and the competitive advantage of being a pure-player in a resilient category, with leading market positions, and with a powerful portfolio of brands that enables consumers to navigate across evolving needs and price points.

To combat the exceptionally high level of cost inflation, we stepped up efficiencies, leveraged portfolio and revenue management to protect our freedom to invest in areas such as marketing, innovation, digital commerce, emerging market capabilities and sustainability to support our long-term growth ambitions. We have been leading on price, which led to double-digit price increases across the largest part of our portfolio, which translated into reasonable price increases for our consumers of less than 1 euro-cent per cup consumed at home, on average.

All in all, we delivered double-digit growth in sales, increased gross profit and generated EUR 949 million of operational profit and increased underlying EPS by 6.3%. We delivered more than EUR 1.3 billion of free cash flow, which enabled us to fund and return EUR 845 million to our shareholders through dividends and a share buyback, while lowering our net debt.

INNOVATING TO DELIVER ON OUR STRATEGY

In 2022, we grew across all our geographies, channels, brands and categories. This was supported by our disciplined portfolio and execution, and our renewed focus on innovation. This strategy is driven by innovation across products, packaging, and brewers as well as by new business models. And we are proud of our strong track record of innovation across the company, and we see that innovation comes to life through our brands.

For example, during the year we launched L'OR Artiste in the UK and Ireland. L'OR Artiste is a super-premium microground coffee with a unique complexity and taste nuance that is expertly blended.

In the Asia-Pacific region, OLDTOWN introduced the new Salted Caramel White Coffee – the first of its kind in Singapore – and launched the Smooth Roast Less Sugar Kopi which uses microground coffee to recreate the authentic taste of Asian kopitiam coffee.

We also launched the Senseo® Maestro machine during the year, offering variety with three high-quality coffee recipes: long classic, intense, and a new improved Espresso thanks to a new multiphase brew mode that allows optimum extraction for our most authentic espresso. The system was designed to be more sustainable, and is made with 80% recycled plastics and uses 42% less energy.

In the U.S., Peet's launched its first-ever seasonal flavored K-Cup® pods in Pumpkin Spice to its full line of packaged coffee offerings for consumption at home or in the office, while in China, Peet's increased its coffee store network by 47 to 117 stores, as we continue to grow in that market and across the broader Asia-Pacific region. Building on this success, Peet's also initiated a partnership with Americana Restaurants to open coffee stores in several countries to cater to the rapidly rising demand for premium coffee experiences in the Middle East.

PEOPLE

We further embedded our values across our operations in 2022, and what it means for our employees at every layer of the organisation. We ensured that everyone recognised that our values – discipline, simplicity, accountability, solidarity and entrepreneurship – guide our behaviour. We also continued to focus on developing a strong culture of engagement. This included carrying out a company-wide engagement survey, which 83% of our employees took part in. The results were positive, showing that 75% of our employees scored a 4 or 5 (on a 5-point scale) in the engagement survey questions.

We recognise diversity, equity, and inclusion (DE&I) as a key business enabler, and one of our most material topics as it contributes to each pillar of our strategy. In 2022, we launched a new global system for managing performance, development, talent review and succession planning. Amongst many other benefits, the implementation further supports the tracking of key DE&I metrics, providing us with data on a global and local level to drive the right decisions.

DE&I considerations are embedded in the talent discussions, ensuring that diversity in the talent pipeline and succession plans is visible and actively highlighted throughout the process. Training opportunities covering unconscious bias are in place for managers and facilitators, and are specifically aligned to the talent development reviews and processes.

In addition, we conducted a gender pay equity analysis in 2022, which showed that the difference in the pay of males and females is less than 1%, which is well under the future EU directive's threshold of 5%.

SUSTAINABILITY

Our business activities impact the environment and the communities in which we operate both positively and negatively, but if we are to safeguard long-term coffee & tea supply, and thus our own future, we need to be intentional in managing our impact along the value chain. This is why in 2022 we united our sustainability agenda under Common Grounds, our CEO-led sustainability programme that has become the home of our sustainability journey "where you grow, we grow, and coffee & tea grows".

During the year, we made strong progress towards our commitment of 100% responsibly sourced green coffee by 2025, reaching 77%, a significant improvement compared to the 30% we reported in 2021. To complement existing assurance systems for our responsibly sourced green coffee, for which a large majority of green coffee smallholder farmers globally are unable to meet the requirements, we partnered with Enveritas, a non-profit organisation that has pioneered a data-driven approach to sustainability verification.

At the start of the year, we committed to SBTi-approved greenhouse gas emission reduction targets across our value chain, underscoring our commitment to create a better future by actively working to minimise our operational footprint. By the end of the year, we reduced our Scope 1&2 emissions by 15% and Scope 3 emissions by 1%, compared to our 2020 base year. During the year, we also defined a clear roadmap of initiatives that will enable us to submit an even stronger and new SBTi ambition in 2023 to reach net-zero.

Additionally, 78% of our packaging components is now designed to be reusable, recyclable, or compostable. And by the end of the year, 22 of our manufacturing sites were zero waste-to-landfill. We also further increased the percentage of renewable energy used at our sites in Brazil, Europe and New Zealand.

This progress, and all the other improvements we have achieved across the entire ESG spectrum to date, have not gone unnoticed and resulted in multiple significant rating upgrades by leading ESG rating agencies throughout the year. We are conscious that sustainability is a journey, with no quick and easy solution, and we are committed to playing our part, and to progress year over year.

OUTLOOK

We expect that many of the conditions and challenges we faced in 2022 will persist to some extent in 2023 and, consequently, will continue to impact the macroeconomic and business environment, thereby limiting the visibility on what will transpire during the year. Despite this, we expect to build on the progress we made in 2022. As a result, we forecast organic sales growth at the high end of our medium-term range of 3 to 5%. Next to that, we expect low single-digit organic adjusted EBIT growth, with a moderate increase in SG&A, and a stable level of dividend versus 2022.

For the medium- to long term, we continue to target organic sales growth of 3 to 5% and mid-single digit organic adjusted EBIT growth, a free cash flow conversion of approximately 70% and stable to increasing dividends over time.

THANK YOU

Having continued to improve our position as a global coffee & tea pure player and category leader in 2022, it is clear that our achievements were only made possible with the support of our stakeholders. We want to begin by thanking our people, whose dedication to providing great products across our markets again lifted us to greater heights. To our customers and consumers, who continue to purchase and enjoy our products globally, whether at home or elsewhere.
The more than one million smallholder farmers, who grow high-quality coffee and tea for us, and our other suppliers and partners who make sure everything reaches our manufacturing facilities. NGOs and governmental bodies, who work with us to improve the livelihoods of smallholder farmers and make a difference to the environment. Industry partners, who join with us on industry groups around the world.
And our shareholders, who support us and take an ongoing interest in our performance and growth, as we work towards creating long-term value in one of the most attractive and resilient categories in the food & beverage industry.

We would like to thank them all for their ongoing support and adaptability, and we look forward to working with everyone at JDE Peet's and along our entire value chain to make 2023 another successful year.

Sincerely,

Fabien Simon
Chief Executive Officer

Olivier Goudet
Chairman of the Board

BRAND HIGHLIGHT

DOUWE EGBERTS: A TRUE ICON AND LEADING COFFEE BRAND, BRINGING PEOPLE CLOSER TOGETHER SINCE 1753

DOUWE EGBERTS was founded in 1753 in Joure, the Netherlands, where Egbert Douwes and his wife Akke Thijsses opened a grocery story selling tea and coffee.

Since then, DOUWE EGBERTS has enjoyed a long history of bringing people together and has focused on connecting communities over a cup of coffee with the successful and long-running "Burendag" (neighbours day) campaign in the Netherlands. Since 2008, in collaboration with the Oranje Fonds, Burendag has focused on the increasing need across society for connection, and in 2022 over 8,500 neighbourhoods across the country took part.

Today, DOUWE EGBERTS is represented in seven markets and holds leading positions in the Netherlands and Belgium, where it is omnipresent, from retail to offices, universities, and in D.E Cafes.

WHO WE ARE

OVER 269 YEARS OF EXPERIENCE

For more than 269 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 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 2022.

OUR 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 programme, under Common Grounds.

Common Grounds (page 45)

SUPPLIERS

We work with more than 900 direct material suppliers across 45 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 43 manufacturing facilities in 24 countries, ensuring consistently high product quality while carefully managing the use of resources.

Minimising Footprint (page 66)

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 69)

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 sales channels, Out-of-Home channels and coffee stores.

Our Approach (page 31)

CONSUMERS

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

Our Brand Highlights (page 28)

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 20)

OBSERVING THE HIGHEST STANDARDS OF ETHICS AND COMPLIANCE

As the world's leading pure-play coffee & tea company, we are proud to set a high standard for ethical and legally compliant behaviour. We are powered by our purpose "to unleash the possibilities of coffee and tea to create a better future", and we strive to embed our values in everything we do to pursue our 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 and the communities we serve.

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 at all times. Our Codes of Conduct underline our commitment to ethical behaviour and compliance with laws and regulations in the countries in which we operate and serve to foster a culture of integrity, ethics and legal compliance.

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. Therefore, the company encourages a speak-up culture to report any actual or suspected misconduct (for example, fraud or irregularities), be it a violation of these Codes, policies, our values or the law that apply to us. When we voice our concerns truthfully and accurately, we may do so without fear of negative consequences or any form of retaliation
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 never 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 those who consume our products enjoy the best possible experience, while those who work with us in manufacturing, marketing, and distributing them may 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 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, and we 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, strengthening and uniting the areas where we live, work, and innovate. We implement sustainable practices worldwide, striving to meet or exceed

Our Codes of Conduct are available on our website

ENCOURAGING EVERYONE TO SPEAK UP

In line with our global compliance plan and locally deployed plans, we raise awareness of our codes and policies on an ongoing basis through various channels and encourage a speak-up culture. We encourage everyone, including external business partners, such as suppliers, to express any concerns they might have regarding possible violations of our Codes of Conduct, our company's policies, the law or our values. Our Speak Up Policy is translated into the languages used along our value chain, thus ensuring its accessibility to different stakeholders.

We use different channels within our Speak Up line to report concerns, 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 concerns. Additionally, we have a dedicated email address that can be used to report potential ethical or compliance concerns or to seek guidance. Employees and external stakeholders can also report breaches or concerns anonymously.

All reports are treated confidentially and are followed-up by providing feedback to the reporting party or, when required, promptly investigated so that any appropriate remedial action can be taken. We do not tolerate any retaliation against anyone who files a report in good faith. The Global Compliance Council, which is led by our Global Compliance Officer and comprises the Chief Legal and Corporate Affairs Officer, the Chief Financial Officer, the Global Director Group Control, the Internal Audit Director, and the Chief Human Resources Officer, issues a quarterly report to the Audit Committee of the Board on key compliance issues pertaining to the last quarter (including any material speak-up reports).

Most of the speak up reports received in 2022 related to routine human resources issues. Other issues frequently reported through our Speak Up lines include alleged harassment, use of inappropriate or discriminatory language, employee dishonesty, and alleged non-compliance with laws/policies. All received reports were promptly followed-up and investigated as required. In 2022, there were no speak up complaints which revealed any material compliance or material ethical issues.

COURSES AND TRAINING

We regularly 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 who have an email address and access to our Learning Management System. For those employees without such access, such as certain employees working in 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 can be found on the company's website.

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.

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 party screening before engaging third parties. To monitor and ensure compliance with applicable sanctions, we have prepared specific sanction compliance toolkits, expanded third-party screening and provided specialised advice.[4]

No fines were issued against JDE Peet's for anti-bribery or sanctions violations in 2022. Furthermore, the company made no political contributions in 2022.

4 More information on the process of identifying corruption/fraud risk is described in the Risk management section of this report.

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 Code 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.[5]

Essential elements of our competition law compliance programme include playbooks, manuals and trainings. We also regularly perform risk assessments of areas focusing on relevant competition laws to identify and take into account risks that may be present from a competition law perspective and measures which will be taken in order to mitigate any remaining material risks. We have defined competition law controls, such as protocols to be followed during the trade association meetings.

No fines were issued against JDE Peet's for competition law violations in 2022.

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.[6]

There were no material complaints or issues raised with respect to data privacy matters and no fines issued against the company for data privacy violations in 2022.

Some Key Compliance Highlights in 2022

Code of conduct

- E-learning: A Journey of a Thousand Miles (available in 21 languages) which achieved 88% completion rate;
- Compliance Ambassadors Programme was rolled out in Brazil and some other markets to extend the reach of Corporate Compliance & Ethics

Fair competition

- E-learning Preventing Anti-Competitive Practices - Being Successful the Right Way (available in 16 languages) achieved a 92% completion rate

Anti-bribery and corruption

- Roll-out of a comprehensive third-party risk management system integrated with SAP to manage third-party anti-bribery and corruption integrity due diligence as well as restricted party screening and updating our Anti-bribery and Anti-corruption Policy accordingly;
- Anti-bribery and Corruption September month awareness campaign in APAC;
- Adoption of Public Advocacy Policy for interacting with government authorities/ officials for public policy development and implementation

Privacy

- Privacy policies updated for all websites;
- Roll-out of OneTrust consent banner for all websites to manage consent for tracking technologies and cookie settings;
- Updated Binding Corporate Rules (BCR);
- Personal Data Breach Awareness campaign

5 More information on the process of identifying fair competition risk is described in the Risk management section of this report.

6 More information on the process of identifying privacy risk is described in the Risk management section of this report.

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. Soaring inflation is adding financial pressure to an already fragile balance. Economically and emotionally uncertain consumers are still dealing with the impact of the COVID-19 lockdown and the rising cost of living, leading to more frugal and resourceful spending behaviour. Despite this, coffee & tea remain crucial beverage moments in times of hardship. Within this fast-changing environment, JDE Peet's has identified several key trends to which we are responding with a combination of innovation, expertise and the power of our brand portfolio.

FEAR AND ANXIETY

Consumers are struggling with fear and anxiety about the future. Taking breaks is a growing need 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 and trust during difficult periods. The heritage of our brands is more relevant than ever.

The heritage of brands provides trust and familiarity 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. Coffee & tea are seen as a daily luxury, and some will look for ways to make them more cost-efficient through instant or ground coffee, whilst others will stick to their coffee shop routines in a world where indulgent experiences will be harder to come by.

With our broad portfolio covering all segments, including Out-of-Home, 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 well-being 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 regarding greenhouse gas emissions.

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 running parallel to more people seeking value product propositions. The growth in these two segments is coinciding with a decline in the mid-range market. The result is a divergence in pricing opportunities as both premium product propositions (such as traceable and organic beans) and value products (such as instant coffees with creamer) become more prominent.

Reinforcing this fragmentation is the rise of millennials as a dominant consumer class. This generation's tastes and expectations are distinctly different from their parents', with millennials consuming more coffee on-the-go and paying more attention to innovation, sustainability and product quality.

In response to this emerging trend, we have tailored our growth strategy to expand our single-serve, premium instants and whole-bean coffee subcategories

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.

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. 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 to find speciality and premium coffee products that they might not otherwise have access to. With the pandemic prompting people to enjoy coffee at home as opposed to restaurants, e-commerce is able to fill the gap.

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. We are able to develop communication that resonates and innovation formats that drive value.

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 impact the products consumers source. Consumers are looking for products to better help them achieve a balanced diet. 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. We also see continued pressure on products with higher fat and sugar levels, among both consumers and legislators.

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

ENGAGING OUR STAKEHOLDERS

Stakeholder engagement is about caring. We care about coffee that delights our consumers, drives value for our business and stakeholders and fuels the life of our farmers. We care about people, from farmers to our employees, that strive every day to deliver our dreams. And to create a better future, we must also take care of our planet, this common ground where our ambition and dreams come to life.

Our stakeholders are diverse, ranging from the farmers who grow the coffee & tea used in our products, to our suppliers, customers and consumers, our employees, our shareholders and credit rating agencies. Our inclusive approach to stakeholders means that we listen and interact with them in various ways, but always with the aim of enriching our journey with their unique perspective on the company, its challenges and opportunities.

Our engagement in our organisation and along the value chain ranges from having regular, ongoing interaction to engaged projects and collaboration. This enables us to draw on stakeholders' expertise to improve and deliver priorities for long-term value creation, and to better anticipate risks.

As we move forward with our journey, stakeholder engagement is becoming increasingly critical since scale and focus will drive impact to create a better future. On pre-competitive topics, such as smallholder farmers and packaging end-of-life, we are increasing collaboration with all actors along the supply chain to identify and deploy at-scale solutions for the future.

For example, through World Coffee Research (WCR) we are supporting the creation and growth of future-proof coffee cultivars that will improve farmers' yield and secure a diverse and sustainable supply of quality coffee tomorrow and for generations to come.

Similarly, on end-of-life packaging, our current initiatives on aluminium capsule collection, sorting and recycling continue to grow, while we are working with the food and non-food industry and our waste management partners to develop solutions to sort small plastics. These initiatives help us share costs while maximising impact.

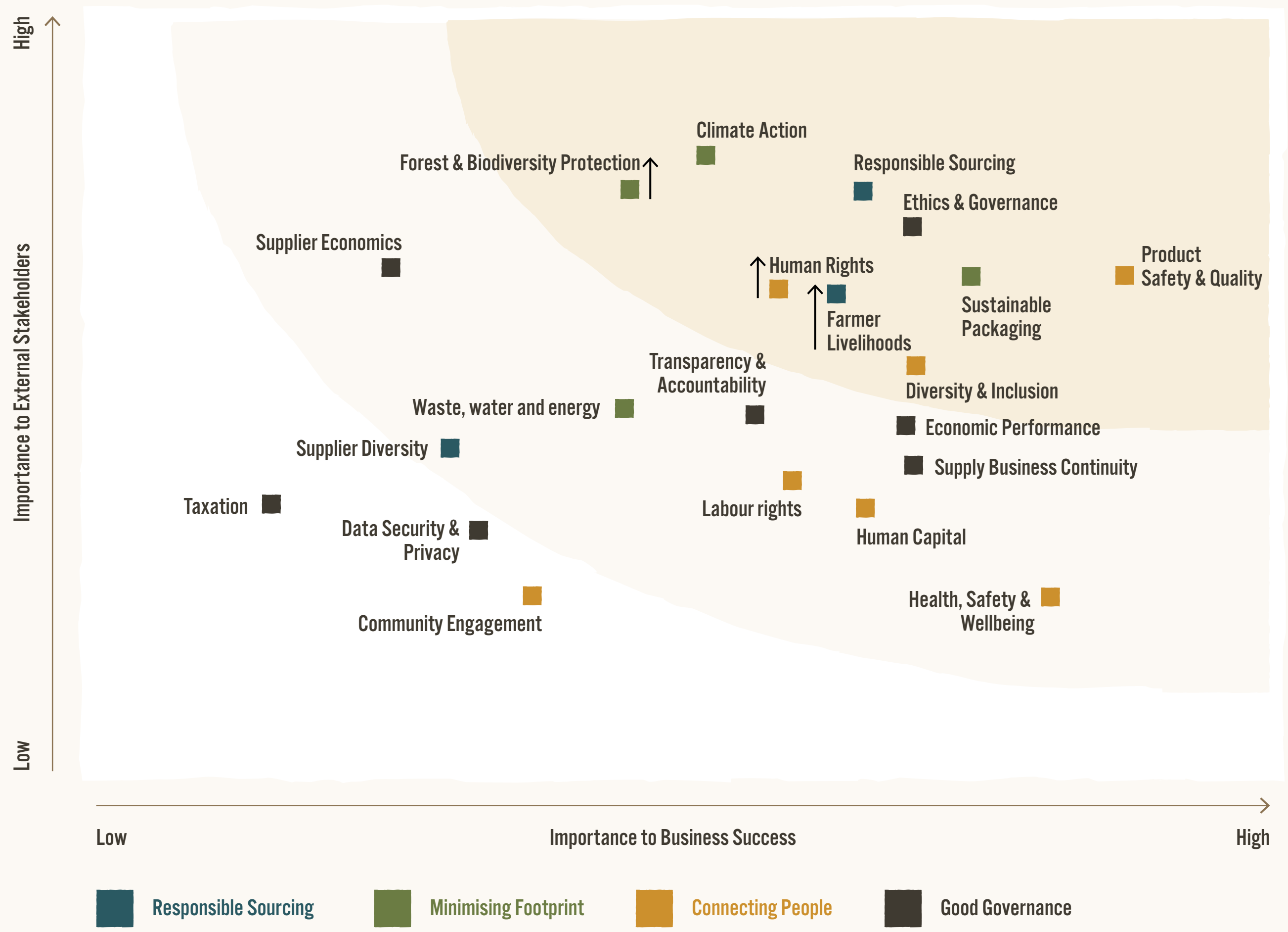
MATERIALITY MATRIX

In 2020, we completed our first comprehensive materiality analysis as a company. This was an important tool for identifying where we are best able to create economic value, and our understanding of important environmental, social and governance issues, which feeds into the prioritisation of our material topics to deliver impact. We identified, scored and prioritised issues using the following methodology:

1. Identify material issues
2. Determine importance to business
3. Determine importance to external stakeholders
4. Prioritise

For further details on the steps taken, please refer to our website.

Materiality matrix 2022



In 2022, we performed a light review of the 2020 result, to ensure our material topics were still aligned with those of the business and our stakeholders. During a workshop we:

- Collected internal input from subject matter experts
- Carried out a quantitative stakeholder analysis of external expectations
- Considered upcoming regulations and the impact for our company
- Benchmarked industry leaders
- Focused on better alignment with GRI standards.

As result, we have updated our materiality map and identified nine topics that are most material for our company, linked to the most relevant GRI standards and the United Nations Sustainable Development Goals (SDGs). These include three new topics that have gained greater relevance since 2020, and some topics from the 2020 result that were merged or removed (more information can be found in the Our strategy section of this report).

The material topics and most material topics are linked to the three pillars of our Common Grounds programme. Because they may be interlinked, some of the topics on our materiality map are addressed in multiple sections of this report. The definition of material topics can be found under the Non-financial information section of this report.

Our most material topics

- Human rights
- Farmer livelihoods
- Responsible sourcing
- Forest & biodiversity protection
- Climate action
- Sustainable packaging
- Diversity, equity & inclusion
- Product safety and quality
- Ethics and governance

OUR MOST MATERIAL TOPICS:

Responsible sourcing (topics merged in 2022)

As a leading pure-play coffee & tea company, the commodities we rely on are often grown in countries facing significant socio-economic and environmental challenges. If not addressed properly, we risk contributing to the degradation of the environment and exploitation of farmers, women, and/or children. We believe that it is our obligation to contribute to prosperous, nature-positive agricultural value chains through our Responsible Sourcing principles which underline Regenerative Agricultural Practices as drivers to deliver climate change mitigation and improvement in farmer livelihoods. Focusing on upstream operations of our suppliers and traders, our approach to responsible sourcing also involves implementing farmer projects to improve yield and boost income diversification whilst maintaining a fair balance with nature.

Climate action (previously called 'Climate change mitigation')

Climate change is impacting the global agricultural value chain through prolonged droughts, water shortage, extreme precipitation, and temperature change, which may lead to a rapid increase in pests and diseases. Without direct action, climate change will undoubtedly impact smallholder farmers' livelihoods negatively and present the risk of rendering the core of our business obsolete. Climate action, which we base on SBTi targets and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), helps us ensure the longevity of the planet, the sector, and our business. We are committed to climate action by reducing absolute Scope 1 and 2 GHG emissions in our operations by increasing manufacturing efficiency and efficiency across other facilities and operations, while reducing our fuel consumption. With 90% of our GHG emissions indirect (Scope 3), our supplier engagement programme and focus on responsible packaging materials aim to address emissions beyond our immediate control.

Ethics & governance

Each day, we strive to embody and live up to the values and principles-based culture which is at the core of our organisation. Our commitment to ethical behaviour is an indispensable part of our business performance, and we have high standards in place on how we conduct our business with the purpose of unleashing the possibilities of coffee & tea to create a better future. Our Codes of Conduct, policies, and guidelines go above and beyond the sectoral, national, and international statutory and regulatory requirements. Covering a breadth of topics, we have established Codes and Policies applicable to both our organisation and the entire value chain, such as our JDE Peet's Health & Safety Policy, Privacy Code for Associate Data, Anti-Bribery, Sanctions & AML Policy, Responsible Marketing Policy, Related Party Transaction Policy, and Public Advocacy Policy. Since upholding this commitment is fundamental to who we are, we also require that our business partners, suppliers, agents, employees, and licensees also uphold similar standards.

Product safety & quality

Our mission is to delight our global consumers and create value for global customers through our entire product and brand portfolio. We strive to deliver tasty, safe, high-quality products to build and sustain trust, loyalty and growth from our wide consumer and customer base. We closely monitor performance against compliance targets by keeping ahead of regulations, utilising a data-driven quality management system, and pursuing internal and third-party audits and international certifications across all areas of food safety & quality, nutrition, and product labelling. For example, we strive towards FSSC 22000 certification as recognised by the Global Food Safety Initiative (GSFI) in our own manufacturing and processing. We are expanding this approach across our entire value chain to embed safety and quality into sectoral practice by engaging stakeholders to conform to similar certifications. In addition, we deploy actionable global programs such as our Health & Indulgence programme to improve the nutrition profile of our product offering.

Sustainable packaging

Legislators, particularly in Europe, are introducing a range of measures covering both packaging design and packaging waste management. Local governments are amplifying extended producer responsibility (EPR) and consumers expect all their packaging to be reusable, recyclable or compostable. Striving towards sustainable packaging is one way in which we address the waste challenge, minimise our impact on the environment, and provide customers and consumers with responsibly packaged products. Our Research & Development team works hard to develop innovative solutions to answer this challenge, such as by making tea bags and coffee pads industrially compostable. With a long-term aim of rolling out fully reusable, recyclable, or compostable packaging across our entire product offering, we are reviewing our complete portfolio to identify areas where we can optimise packaging weight and reduce packaging waste.

Diversity, equity & inclusion

We aim to create a better future where we authentically serve, reflect and embrace everyone by fostering a more diverse, equitable, and inclusive organisation. Diversity, Equity, and Inclusion (DE&I) are core principles at JDE Peet's. We believe that broadening the diversity of our people, creating an environment where everyone can be themselves and have their own voice, are vital to unleash the full potential of our people and the company, especially in the face of an increasingly diverse consumer base. We do not condone any discrimination on the grounds of race, ethnicity, nationality, religion, age, sex, gender identity, sexual orientation, disability, socio-economic background, and other areas. Moreover, we aim to reach gender-balanced representations and a mix of nationalities.

Farmer livelihoods (new in 2022)

As the producers of the green coffee & tea on which we rely, farmers are at the front and centre of our business. Yet many endure low incomes, driven by low farm productivity and small farm size. We recognise the opportunity and responsibility to make a difference in the lives of farmers, their households, and larger farming communities. To secure a sustainable, long-term supply of coffee, it is vital we invest in and protect the future of farmers from a diversity of origins. Through our responsible sourcing programme under Common Grounds, risk assessments, supplier engagement programmes, and farmer projects worldwide, we work closely with relevant stakeholders across the sector to support farming communities' vision of prosperity. We want to increase the productivity, profitability, and livelihoods of smallholder farmers by improving their capacity to adopt good agriculture practices which in the long run can increase yields and diversity of income sources.

Human rights (new in 2022)

Human rights has always been a material topic for JDE Peet's, with our employees our most material asset. Understanding the risks related to the global coffee value chain has helped us identify more precisely the human rights' issues that affect our sourcing regions, and take concrete actions to address them. Following this, in 2022 we published our Human Rights Policy which covers the areas of (gender) discrimination, forced labour, child labour, collective bargaining, fair wages, human treatment, and safe working conditions. This policy governs our own operations and also serves as a basis by which we continue to increase expectations and perform human rights due diligence throughout the supply chain. We have signed up to the UN Global Compact in support of and respect for the protection of internationally proclaimed human rights standards, such as the UN Universal Declaration on Human Rights and the ILO Declaration on Fundamental Rights and Principles at Work to ensure that we are not complicit in such abuses either upstream or downstream in our operations.

Forest & biodiversity protection (new in 2022)

With critical legislation on deforestation under discussion within the European Union, there is greater focus and interest from external stakeholders on forest protection. While coffee production is not a key driver of deforestation, we believe it is important to take a risk-based approach and prevent deforestation from happening. We do this via our origin impact (risk) assessments and supplier due diligence. One important development will be the launch of our Deforestation Policy, as well as publication of the Taskforce on Nature-related Financial Disclosures (TNFD) framework, which businesses and financial institutions can use to assess and disclose how they impact on, and are impacted by, nature. Going forward, we will assess and prioritise the steps we need to take to make a positive impact, and commit and act accordingly.

ENGAGING OUR STAKEHOLDERS

STAKEHOLDERS

CONSUMERS

What matters to them

Consumers focus on a number of areas, including health and nutrition, quality coffee & tea products across a range of formats and price points, and more sustainable choices that have less packaging and waste. We believe that brands that demonstrate a meaningful purpose create brand loyalty, particularly among younger consumers.

How we engage

We interact with our consumers across multiple platforms and channels. We need to be where our consumers are, which is why we consider the impact and role of each channel along the consumer decision journey to create meaningful interactions. Through our consumer carelines, we have around 200,000 interactions every year through calls, emails, letters, social media and web chats.

We also engage with consumers through our brands' marketing campaigns, including awareness on sustainability topics and recycling opportunities. In addition, we also use standard industry sources of research and consumer insight data to inform our understanding of consumer trends. Doing so, we unleash the power of our consumers.

Our response

On packaging and waste, we switched our Senseo laminates to being recyclable. For over 90% of our European tea market, we converted our tea bags to industrially compostable material. We made strong progress towards our commitment of 100% responsibly sourced coffee by 2025, reaching 77% in 2022 compared to 30% in 2021. We also made additional improvements in our Health & Indulgence programme.

Material topics

The following topics are most material for this stakeholder group:

- Sustainable packaging
- Responsible sourcing
- Product quality and safety.

CUSTOMERS

What matters to them

The constantly evolving regulatory framework as well as engagement from consumer associations are bringing environmental, good health and societal topics to the forefront of our retail partners and our e-commerce and Out-of-Home customers. As their suppliers, this means we are increasingly engaging with them on topics such as packaging sustainability (for example, the removal of hard-to-recycle materials and the removal of excess packaging), customers' GHG emission reduction or net-zero commitments.

How we engage

We actively manage our customer relationships through our key account teams. Our main engagement with our retailer customers is through annual Customer Planning Days where we align on plans for the year ahead. In addition, retailers increasingly host sustainability webinars to brief suppliers on their priorities.

Our response

During the year, we made progress across a range of areas, including making strong progress towards our commitment of 100% responsibly sourced coffee by 2025. We launched our Animal Welfare Policy, including a commitment to source 100% cage-free eggs by 2027, and we further increased our share of renewable energy in 2022, at our sites in Brazil, Europe and New Zealand, lowering our GHG emissions.

Material topics

The following topics are most material for this stakeholder group:

- Climate action
- Sustainable packaging
- Product quality and safety.

SMALLHOLDER FARMERS

What matters to them

Smallholder farmers are the foundation of our coffee and tea production. More than 80% of the world's coffee is produced by millions of smallholder farmers, and if they are to prosper and secure the future of coffee it is critical they are supported. Climate change is predicted to fundamentally change the landscape of coffee growing regions, with up to half the global area suitable for coffee production lost by 2050. Today, coffee farmers are experiencing the initial stages of climate change with shifting weather patterns leading to longer dry spells, water shortage, or extreme temperature ranges. These issues can have a profound impact on crop yields, threatening farmers' livelihoods, income and, ultimately, the communities at large if no further action is taken.

How we engage

Our responsible sourcing programme provides farmer training and tools and techniques that help smallholder farmers adapt and mitigate against locally relevant challenges. The programmes we set up together with our partners include access to services and inputs, such as climate-resistant seedlings, agroforestry techniques, safe use and application of agrochemicals, and putting in place measures to safeguard human rights initiatives. The farmer training programmes are designed in collaboration with our partners who align and work towards local priorities in a structured, action-oriented way to drive continuous improvement in the supply chain.

Our response

In 2022, we intensified our due diligence process across our supply chain to identify priority issues and take action to prevent and mitigate against the risks. We have engaged Enveritas, a non-profit organisation that verifies coffee purchases against sustainable coffee standards. More information on Enveritas and our response can be found in the 'Coffee: Continuous improvement in the coffee supply chain' section of this report. To reach our responsibly sourced status, Enveritas requires that we implement a defined number of farmer programmes targeting the identified issues to drive continuous improvement. We also reaffirmed our engagement and increased our investment into World Coffee Research (WCR), supporting collaborative coffee agricultural research to grow, protect, and enhance supplies of quality coffee while improving the livelihoods of the families who produce it.

Material topics

The following topics are most material for this stakeholder group:

- Climate action
- Responsible sourcing
- Farmer livelihoods.

SUPPLIERS & BUSINESS PARTNERS

What matters to them

Rising inflation, high energy prices as well as the ongoing impact of the pandemic resulting in supply chain issues, meant 2022 was a tough year for many suppliers. Their focus is on securing strong business continuity and product quality, while mitigating rising inflation.

How we engage

We regularly engage with our suppliers through direct conversations, comprehensive supplier engagement sessions as well as in collaborative industry forums. We have defined and published our Supplier Code of Conduct, which all of our suppliers are subject to. In addition to strategic partnerships with key suppliers, our responsible sourcing programme engages with suppliers to identify and address supply chain issues.

Our response

We had weekly, and in some cases daily, interaction with suppliers to guarantee product availability, quality and operational alignment. We used a quality audit plan and performance evaluation to monitor product quality, and engaged with strategic suppliers on specific topics, such as sustainability. We used internal and external productivity project trackers, including external market indexes/inflation analysis, to monitor developments throughout the year, and also communicated our Supplier Code of Conduct.

Material topics

The following topics are most material for this stakeholder group:

- Climate action
- Human rights
- Product quality and safety.

EMPLOYEES

What matters to them

Well-being, feeling comfortable being themselves, access to critical learning, and quality of leadership are key drivers of employee satisfaction. The turbulent events of the last few years have impacted employees' health and well-being. Returning to the office, re-connecting with fellow employees and finding the right balance in a hybrid working model were important aspects of our employee experience in 2022. Our employees were keen to re-connect with their teams and re-engage with peers and colleagues over a cup of coffee or tea in the office.

How we engage

In 2022, our engagement journey continued with a survey that included additional questions on employee well-being and diversity, equity and inclusion. We engaged with our employees in multiple ways and through various channels, with a strong increase in the use of online collaboration tools. Ongoing meetings and town hall meetings keep employees up to date with key issues and developments.

Re-igniting our passion for coffee & tea has been a key element of our approach to returning to the office. Our Marketing and Sustainability teams organised deep-dive sessions into various product categories, accompanied by tasting sessions inviting employees to re-discover coffee & tea cultures around the globe.

Our response

We develop our engagement champions to build our capabilities and enable best-practice sharing across our markets, while highlighting accountability as a key value to encourage our people to unleash their potential. Resilience and well-being are reinforced through global and dedicated local initiatives. In the second quarter, we organised sessions on 'leading in extreme situations' to help managers and employees support our Ukrainian or Russian colleagues. We also provided Ukrainian colleagues impacted by the war with support packages. More information can be found in the Engaging our communities and 2022 year in review sections of this report.

Material topics

The following topics are most material for this stakeholder group:

- Diversity, equity and inclusion
- Human rights
- Responsible sourcing.

NGOS

What matters to them

NGOs continue to campaign and advocate for improved livelihoods of smallholder farmers, a reduction in the impact on the environment, as well as for stronger climate action. Recent global developments – including rising energy prices, high inflation, and the pandemic – have heightened concerns around poverty and inequality, especially in our agricultural supply chains. At the same time, NGOs are important partners in our responsible sourcing programme under Common Grounds, supporting or implementing many of our projects to help smallholder farmers on the ground.

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.

Our response

In 2022, we launched several new projects to our portfolio of active projects globally through our responsible sourcing programme under Common Grounds. These projects are run in partnership with suppliers, NGOs and others to address key sustainability challenges in the countries from where we source our coffee, tea, and other agricultural commodities.

Material topics

The following topics are most material for this stakeholder group:

- Farmer livelihoods
- Forest & biodiversity protection
- Climate action.

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 supply chain transparency, to climate change mitigation and biodiversity protection. In 2022, the ECF held a webinar with monitoring service providers on deforestation. We welcome the initiatives to step up EU action to protect and restore the world's forests and support an open stakeholder dialogue – including with producing countries – and look forward to working to find an appropriate and proportionate EU approach to reduce EU-driven deforestation.

How we engage

In addition to participating in the ECF, we are active in national trade associations in many countries and the Global Coffee Platform (GCP) to tackle complex challenges across the entire value chain. We also collaborate with industry partners in a pre-competitive way to address supply chain challenges such as the responsible use of agro-inputs in coffee or the recycling of single-serve coffee pods.

Our response

We are actively driving pre-competitive projects to ensure the adoption of regenerative practices. An example is our collaboration with Nestlé, the United States Agency for International Development (USAID), and more than 10 trading partners to set a baseline for green coffee in Vietnam and Indonesia and develop sector standards. We have worked with Nestlé to develop a baseline carbon footprint within Asia, with the support of USAID. We will work with other coffee roasters to develop a similar baseline across a number of Latin American, Arabica supply locations, and, in 2022, we welcomed Lavazza to the project. We are also active in cross-sector collaboration, including pilot projects and the deployment of solutions for small aluminium and plastic recycling.

Material topics

The following topics are most material for this stakeholder group:

- Sustainable agriculture
- Climate action
- Forest & biodiversity protection.

GOVERNMENT AND INTERNATIONAL ORGANISATIONS

What matters to them

Regulators are concentrating on a wide range of issues, such as climate change and environmental topics, with the aim of cutting GHG emissions and lowering carbon outputs. At the same time, some governments across Europe have introduced sugar taxes in a bid to create healthier lifestyles among their populations. Expectations on social and environmental standards in the supply chain continue to grow, especially in the EU. Within the context of the coffee sector, farmer incomes remain a topic of concern.

How we engage

We typically engage with governments indirectly through industry and trade associations, such as the ECF. In addition, we enter into public-private partnerships with organisations such as the United States Agency for International Development (USAID) and The Sustainable Trade Initiative (IDH) as we implement Common Grounds projects. The material topics are systemic challenges and require coordinated action and investments.

We are one of the founding signatories of the International Coffee Organization's 'London Declaration', and an active member of the Coffee Public-Private Task Force (CPPTF). The CPPTF has a clearly defined roadmap and technical work streams towards achieving a prosperous, sustainable and inclusive coffee sector.

At the 4th CEO and Global Leaders Forum in Bogota, Colombia, in October, we reaffirmed our commitment to take steps towards achieving the goals and objectives of the 'London Declaration' in line with the 2020-2030 Roadmap.

Our response

We are committed to complying with all applicable laws and regulations and continue to engage on new and emerging regulation through associations such as the ECF. Internally, we made strong progress on topics that are of concern to governments and international organisations, including sustainable packaging, climate change mitigation, human rights, waste, sustainable agriculture and ethics & governance. Details on what we achieved in these areas in 2022 can be found throughout this report.

Material topics

The following topics are most material for this stakeholder group:

- Forest & biodiversity protection
- Farmer livelihoods
- Sustainable packaging.

SHAREHOLDERS, INVESTORS, FINANCIAL INSTITUTIONS AND TAX AUTHORITIES

What matters to them

In addition to regular interest in our strategy and performance, we have had interactions with, among others, (potential) shareholders, debt investors, equity research analysts, debt rating agencies and ESG rating agencies on a wide variety of topics throughout the year. Key topics in 2022 included our long-term strategy and strategic and financial objectives, growth drivers and innovation, competitive advantages and competitive positions, the impact of inflation, our pricing strategy, the pace and magnitude of recovery of our Away-from-Home businesses, as well as our position in Russia in light of the war in Ukraine.

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.

Our response

In 2022, we hosted our AGM, two earnings calls, and around 149 virtual or in-person investor meetings, thereby reaching around 194 unique investment institutions. As part of this engagement, we met virtually at least twice with 9 of our 10 largest shareholders, excluding passive funds and the company's two main shareholders.

Material topics

The following topics are most material for this stakeholder group:

- Climate action
- Ethics and governance
- Responsible sourcing.

BRAND HIGHLIGHTS

Wherever you are in the world, you can enjoy one of our brands. Our unique portfolio of brands has been 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 a coffee & tea to everyone, no matter who they are, where they are, or what their preferences, 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.

*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.*

A selection of our brands

STRATEGY AND VALUE CREATION

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 APPROACH

OUR OMNICHANNEL 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 Retail 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 2022. 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 e-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 liquid coffee concentrate technology
- Multi-serve coffee (roast & ground and whole beans)
- Single-serve and double-shot coffee capsules
- Pads and pods
- Instant pure and instant mixes
- Ready-to-drink coffee beverages
- Variety of professional tea products.

Strategic partnerships with Pret A Manger and The J.M. Smucker Co. will enable us to further explore this sales channel.

COFFEE STORES

Introducing new product offerings through coffee stores

At year end, we operated 505 coffee stores in the United States, China, Malaysia, 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.

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 inclu-sive ecosystem

SERVE MORE CUPS

We are focussed 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 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 lead to trust in our brands. Our investors request resilience and have long understood that financial and non-financial performance are closely linked. And coffee and 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 DELIVERING EXCELLENCE IN SERVICE ACROSS CHANNELS

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

2 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.

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.

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. In 2022, we consolidated our sustainability agenda under Common Grounds, our CEO-led sustainability programme that has become the home of our sustainability journey.

As mentioned in the 'Engaging our stakeholders' section earlier, to ensure our material topics were still aligned with those of the business and our stakeholders, we performed a 'light review' of the 2020 result in 2022.

Based on this, we updated our materiality map and identified nine topics that are most material for our company, linked to the most relevant GRI standards and the United Nations Sustainable Development Goals (SDGs). These include three new topics that have gained greater relevance since 2020, and some topics from the 2020 result that were merged or removed. More information on our material topics and how these are addressed through our strategy, can be found in the 'External trends and developments' section of this report.

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 21.6 billion in Total Assets
- EUR 248 million Capex in 2022
- 43 facilities across 24 countries
- Investments in growth

Resources
- 77% responsibly sourced coffee
- 249 kT of packaging material (32% recycled content)
- 8.8 PJ energy use
- 6.9 million cubic meter water use

Social and relationship
- > 900 direct material suppliers across 45 countries
- >1 million smallholder farmers in >70 countries
- Ongoing stakeholder engagement along the value chain

Talent
- 20,710 employees across 96 nationalities
- 43% 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

Combine categorie focus and scale

Produce widest range of coffee & tea products at highest quality

SERVE MORE CUPS
Attract consumers relentlessly

MASTER EXECUTION
Fuel the growth from quality and discipline

GROW TOGETHER
Champion an inclusive ecosystem

Accelerate inclusive and sustainable industry transformation

Provide differentiated offering through unique portfolio of brands, across different price points and through omnichannel approach

Outputs
WHAT WE DELIVER

EUR **8.2 billion** total sales
EUR **1227 million** Adjusted EBIT
EUR **1.4 billion** Free cash flow

132 billion cups of coffee
108 kT of waste generated
78% packaging components designed to be reusable, recyclable, or compostable
6% decrease in water intensity compared to 2020

Outcoms
THE VALUE WE CREATE

Financial and manufacturing
- EUR 13.6 billion in Market Cap
- Investment grade credit ratings
- EUR 345 million dividends
- EUR 500 million share buyback
- 22 zero waste-to-landfill sites

Resources
- 15% reduction in scope 1 & 2 (baseline 2020)
- 1% reduction in scope 3 (baseline 2020)

Social and relationship
- 119,800 smallholder farmers reached in 2022, and 590,000 since 2015
- 43 markets with nr. 1 or 2 market position

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

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

1 NO POVERTY | 2 ZERO HUNGER | 5 GENDER EQUALITY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 15 LIFE ON LAND

OUR PERFORMANCE

FINANCIAL PERFORMANCE

2022 PERFORMANCE

Total reported sales increased by 16.4% to EUR 8,151 million. Excluding a positive effect of 4.7% related to foreign exchange and 0.3% related to scope and other changes, total sales increased by 11.3% on an organic basis. Organic sales growth reflects a price effect of 15.8% and a volume/mix effect of -4.4%. In-Home sales increased by 8.9% and sales in Away-from-Home increased by 22.3%.

Total adjusted EBIT decreased by -5.9% to EUR 1,227 million on a reported basis. Excluding the effects of foreign exchange and scope and other changes, the adjusted EBIT decreased organically by -9.3% as SG&A increased by 10.6%, driven by investments in marketing, innovations and other strategic growth capabilities.

Underlying profit - excluding all adjusting items net of tax - increased by 4.1% to EUR 936 million. It includes an underlying tax rate of 23.6% and was supported by lower interest expenses, mainly as a result of a lower average cost of debt, and a reduction of other finance expenses.

Net leverage improved to 2.65x net debt to adjusted EBITDA.

Our liquidity position remains strong, with total liquidity of EUR 2.4 billion consisting of a cash position of EUR 0.9 billion and available committed RCF facilities of EUR 1.5 billion

IN EUR MILLION, UNLESS OTHERWISE STATED:

	2022	2021
Sales	8,151	7,001
Organic change	11.3%	
Operating profit	949	1,108
Financial income and expenses	69	(125)
Income tax expense	(257)	(220)
Net income	761	762
Adjusted EBIT	1,227	1,304
Organic change	(9.3)%	
as a % of sales	15.1%	18.6%
Adjusted EBITDA	1,530	1,591
as a % of sales	18.8%	22.7%
Reported earnings per share (EUR)	1.57	1.53
Underlying earnings per share (EUR)	1.91	1.79
Net debt	4,050	4,254
Free cash flow	1,358	1,368
Net leverage ratio	2.65x	2.67x

UNDERLYING PROFIT FOR THE PERIOD

IN EUR MILLION UNLESS OTHERWISE STATED:

	2022	2021
Operating profit	949	1,108
Adjusting items:		
- ERP system implementation	(8)	(15)
- Transformation activities and corporate actions	(67)	(40)
- Share-based payment expense	(37)	(32)
- Mark-to-market results	(54)	(5)
- Amortisation of acquired intangible assets and M&A/ Deal costs	(112)	(104)
Adjusted EBIT	**1,227**	**1,304**
Net financial income/(expenses)	(15)	(97)
Adjusted taxes	(286)	(302)
Adjustments for NCI shareholders	10	(6)
Underlying profit for the period	**936**	**899**

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

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 in 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.

IN EUR MILLION, UNLESS OTHERWISE STATED:

	Reported sales	Adjusting items	Reported sales	FX impact	Scope & other	Organic sales
Sales	8,151	-	8,151	(332)	(32)	7,787

	Operating profit	Adjusting items	Adjusted EBIT	FX impact	Scope & other	Organic adjusted EBIT
Operating profit to adj. EBIT	949	278	1,227	(49)	6	1,184

	Operating profit	Adjusting items	Adjusted EBIT	Adjusted D&A		Adjusted EBITDA
Operating profit to adj. EBITDA	949	278	1,227	303		1,530

	2022
Adjusted EBIT	1,227
ERP system implementation	(8)
Transformation activities and corporate actions	(67)
Share-based payment expense	(37)
Mark-to-market results	(54)
Amortisation of acquired intangible assets and M&A/Deal costs	(112)
Operating profit	**949**

SEGMENT REVIEW

CPG EUROPE

IN EUR MILLION, UNLESS OTHERWISE STATED:

	2022	2021	Change	Organic change
Sales	3,640	3,573	1.9%	1.8%
Adjusted EBIT	807	1,089	(25.9)%	(26.2)%

Organic growth of 1.8% was driven by an increase in price of 14.5% and a decrease in volume/mix of -12.7%. While consumer volume elasticity remained below the historical average, volumes were negatively impacted by retaliations during retailer negotiations across various European markets, including Germany, France and the UK. The decline in volume/mix also reflects a high base of comparison, as lockdown measures continued to be lifted, shifting a part of In-Home consumption back to Away-from-Home channels, which benefited the Out-of-Home segment. Notable strong performance was delivered by countries such as Poland, Hungary and Denmark and brands including Jacobs and Gevalia.

Reported sales increased by 1.9% to EUR 3,640 million, including a net positive effect of 0.1% from foreign exchange and changes in scope. Adjusted EBIT decreased organically by -26.2% to EUR 807 million, mainly driven by lower volumes caused by retailer retaliations, as well as a step-up in marketing investments. Based on a 3-year CAGR, the organic adjusted EBIT growth was -5.6%, including larger marketing investments.

CPG LARMEA

IN EUR MILLION, UNLESS OTHERWISE STATED:

	2022	2021	Change	Organic change
Sales	1,616	1,091	48.1%	32.5%
Adjusted EBIT	296	204	45.6%	38.1%

Organic growth of 32.5% consisted of an increase in price of 33.1% and stable volume/mix of (0.6)%. The resilient volume/mix performance was broad-based across geographies, product portfolio and price points. Brazil in particular delivered resilient volume growth while recording the strongest pricing in the region.

Reported sales increased by 48.1% to EUR 1,616 million, including a foreign exchange impact of 15.8% as the main currencies in this segment appreciated against the euro. Adjusted EBIT increased organically by 38.1% to EUR 296 million, mainly reflecting higher pricing and a low base of comparison. Based on a 3-year CAGR, the organic adjusted EBIT growth was 17.0%.

PEET'S

IN EUR MILLION, UNLESS OTHERWISE STATED:

	2022	2021	Change	Organic change
Sales	1,141	903	26.3%	12.2%
Adjusted EBIT	147	118	24.1%	9.8%

Organic growth of 12.2% was driven by an increase of 9.4% in price and 2.8% in volume/mix. In the US, most lockdown measures had been lifted in the first part of FY 22. As a result, Peet's coffee retail stores in the US delivered high single-digit growth in same-store-sales in FY 22, while its In-Home business delivered low-teens organic sales growth in FY 22 and mid-teens organic sales growth on a 3-yr CAGR. In China, Peet's increased its coffee retail store network by 47 to 117 stores.

Reported sales increased by 26.3% to EUR 1,141 million, which included a positive foreign exchange impact of 14.2%. Adjusted EBIT increased organically by 9.8% to EUR 147 million. Based on a 3-year CAGR, the organic adjusted EBIT growth was 15.8%.

OUT-OF-HOME

IN EUR MILLION UNLESS OTHERWISE STATED:

	2022	2021	Change	Organic change
Sales	908	723	25.7%	26.6%
Adjusted EBIT	119	90	32.7%	31.6%

Organic growth of 26.6% was driven by an increase of 15.1% in volume/mix and 11.5% in price as the segment benefited from increasing levels of activity in its Out-of-Home channels following the lifting of lockdown measures in the first part of 2022 and pricing to offset inflation. The overall growth performance was broad-based, with notable strong performance in countries such as Germany, the UK and France and from brands including Douwe Egberts, Jacobs and Gevalia.

Reported sales increased by 25.7% to EUR 908 million, including an impact of -0.4% related to foreign exchange and -0.5% related to scope and other changes. Adjusted EBIT increased organically by 31.6% to EUR 119 million, driven by operational leverage and efficiencies. Based on a 3-year CAGR, the organic adjusted EBIT declined by 13.1%.

CPG APAC

IN EUR MILLION, UNLESS OTHERWISE STATED:

	2022	2021	Change	Organic change
Sales	814	684	19.0%	10.1%
Adjusted EBIT	123	109	12.3%	6.6%

Although a few markets continued to be impacted by lockdown measures in 2022, the region delivered a solid double-digit growth level. Organic growth of 10.1% was driven by an increase of 8.6% in price and 1.4% in volume/mix, with notable strong performance in countries such as Thailand, Malaysia and China, and from brands including OldTown, Super and Moconna.

Reported sales increased by 19.0% to EUR 814 million, which included a positive scope effect of 6.2%, related to the acquisition of Campos in Australia, and a positive foreign exchange impact of 2.7%. Adjusted EBIT increased organically by 6.6% to EUR 123 million, mainly reflecting higher pricing and a low base of comparison. Based on a 3-year CAGR, the organic adjusted EBIT growth was -1.0%, including larger marketing investments.

RESPONSIBLE 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 government revenues by paying our fair share of taxes in the countries in which we operate, helping to drive economic and social prosperity. And we care about doing business in a sustainable way as we work to create a better future and a responsible approach to tax is an integral part of our business values and strategy.

We comply with the letter and spirit of the law and take into account the medium- to long-term interests of our stakeholders. We support the principles that are the fundamentals of the OECD's work on Base Erosion and Profit Shifting (BEPS), including country-by-country reporting to tax authorities. We are open and transparent and develop cooperative relationships with tax authorities. Our view on engagement with public authorities and officials is set out in the Public Advocacy Policy.

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[7], Group Tax carries out a monthly review process to ensure tax payments are correct, while quarterly confirmation by the locwal 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.

7 More information on the process of identifying tax risk is described in the Risk management section of this report.

OUTLOOK

OUTLOOK 2023

JDE Peet's aims to achieve the following in 2023:

- Organic sales growth at the high end of its medium-term range of 3 – 5%
- Low single-digit organic adjusted EBIT growth, with a moderate increase in SG&A
- A stable dividend

We have incorporated our sustainability outlook for 2023 in the respective Common Grounds pillars.

MEDIUM- TO LONG-TERM TARGETS

For the medium- to long-term, JDE Peet's continues to target organic sales growth of 3 to 5% and mid-single-digit organic adjusted EBIT growth, a free cash flow conversion of approximately 70% and stable to increasing dividends over time.

STIMULATING PROSPERITY SINCE 1895

BRAND HIGHLIGHT

Coffee drinkers have trusted the JACOBS brand and its wonderful aroma for 125 years. That trust enabled us to grow from the leading coffee brand in Germany to a leading brand in 42 markets. With innovative products in filter coffee, coffee pods, whole beans, instant coffee and specialties, JACOBS truly offers a coffee for every cup. But JACOBS is much more than coffee. We have long stood for a more aspirational life in reach for everyone throughout the years. A prosperity that everyone can enjoy.

JACOBS will continue to drive growth, especially in emerging markets, where we focus on local drinking preferences with extended portfolio of Instant Pure and Instant Mixes.

COMMON GROUNDS

How Common Grounds is working to create stakeholder value and tackle key issues.

One of our core strategic ambitions is to reduce our social debt and ultimately generate social value, to deliver meaningful sustainable impact, and to help future-proof the organisation over the long term. A 'better future' is one in which our societal value is equal to, or even superior to, our market value.

To help achieve this, we have united our sustainability agenda under Common Grounds, our CEO-led sustainability programme that has become the home of our sustainability journey "where you grow, we grow, and coffee & tea grows". Our business activities impact the environment and the communities in which we operate both positively and negatively, but if we are to safeguard long-term coffee & tea supply, and thus our own future, we need to be intentional in managing our impact along the value chain.

To make an impact across our value chain, Common Grounds is focused on three pillars:

THE THREE PILLARS OF COMMON GROUNDS

Responsible Sourcing – Common Grounds

SOURCING FOR BETTER

We are championing regenerative agriculture to enhance livelihoods and positively impact our planet

1 NO POVERTY

2 ZERO HUNGER

Minimising Footprint – Common Grounds

TOWARDS PLANET POSITIVE

We are striving towards a planet-positive supply chain through innovation and collaboration on sustainable solutions

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

Connecting People – Common Grounds

PUTTING PEOPLE FIRST

We are engaging colleagues and communities through the joy of coffee and tea to support wellbeing and promote equal opportunity

5 GENDER EQUALITY

GOOD GOVERNANCE, ETHICS & PARTNERSHIPS

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 2022 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 farmers projects across the world to secure these materials and improve farmers livelihoods; and from our employees and all relevant stakeholders to our initiatives in place to provide an inclusive and safe place to work.

JDE Peet's Common Grounds commitments and 2022 progress

Common Grounds pillar	JDE Peet's sustainability commitment	Year	Result 2022
Responsible Sourcing	Working towards 100% responsibly sourced green coffee	2025	77%
	Working towards 100% responsibly sourced tea	2025	27%
	Working towards 100% responsibly sourced palm oil	2025	100%
	Directly reaching 500,0000 smallholder farmers (since 2015)	2025	590,000[8]
Minimising Footprint	Reduce absolute scope 1 & 2 GHG emissions by 25% (vs 2020)	2030	(15)%
	Reduce absolute scope 3 GHG emissions by 12.5% (vs 2020)	2030	(1)%
	100% of our packaging components designed to be reusable, recyclable or compostable	2030	78%
	18% water intensity reduction per ton of production (vs 2020)	2030	(6)%
	Zero waste-to-landfill at all our manufacturing sites	2025	22
Connecting People	40% women in leadership positions	2025	41%
	80% of manufacturing facilities with FSSC 22000 certification or equivalent	2025	75%
	0.4 Total Recordable Injury Rate	2030	0.46

8 119,800 smallholder farmers reached in 2022

RESPONSIBLE SOURCING

SUMMARY KPIS[9]

Responsibly sourced raw materials purchases

Green coffee[10]	Tea[11]	Palm oil[12]
77%	27%	100%

Smallholder farmer engagement

Smallholder farmers reached[13]	New smallholder farmers reached[14]	No. of active projects	Active projects in no. of origins
590,000	119,800	61	22

Animal Welfare - 'Cage-free' eggs

Cage-free eggs
3%

9 More information can be found in the Overview of our non-financial information tables and the Non-financial information section of this report.
10 Includes 4C, Enveritas, Fairtrade, Rainforest Alliance.
11 Camellia sinensis and rooibos; includes the Ethical Tea Partnership, Fairtrade and Rainforest Alliance.
12 Roundtable for Sustainable Palm Oil (RSPO).
13 Cummulative smallholder farmers reached since 2015.
14 Newly registered and trained smallholder farmers during 2022.

APPROACH

Coffee is grown on over 12.5 million farms across more than 70 countries, and more than 80% of the coffee is produced by millions of smallholder farmers, supporting the livelihoods of themselves and their families.

It is this rich diversity of origins 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 TCFD analysis) we are investing in long-term solutions to ensure that sustainable coffee & tea farming is future-proof despite the climate crisis and the continuing social and economic disruptions that affect the most vulnerable farmers and their communities. While we increase our investments and partnerships on the ground in our key sourcing regions to deliver impact-driven farmer programmes, we have also increased our engagement and efforts towards agricultural research and science. We support the World Coffee Research's (WCR) ambitious new strategy, and our investments into WCR's global breeding, trials, nursery programmes are designed to secure a diverse and sustainable supply of quality coffee today and for generations to come.

THE YEAR IN REVIEW

We are serious about coffee & tea--it's what we know and do best. Producing great cups of coffee & tea begins with the smallholder farmers who produce and nurture the seedlings and shoots to the green beans that end up in one of our iconic brands.

We believe responsible sourcing is about understanding our supply chain and taking action to avoid and mitigate the risk of negative impacts when sourcing agricultural commodities. Our responsible sourcing principles and our Supplier Code of Conduct address the key risks we have identified, such as working conditions, environmental practices, safety standards and human rights.

OUR GOALS

We are working to achieve our 100% responsibly sourced green coffee, tea and palm oil commitments, while reaching 500,000 smallholder farmers, through a combination of supplier engagement. We improve our responsibly sourced commitments through supply chain transparency, risk assessment, actions to mitigate and monitoring, evaluation and learning. Continuous improvement is deeply embedded in our way of working, and we understand that there is no such thing as a quick fix in sustainability: achieving the best outcome for the environment, for farmers' livelihoods, and for our business involves long-term commitment.

MAIN CHALLENGES

For many of our suppliers and smallholder farmers, 2022 was a challenging year. With the global pandemic still being felt, the world was faced with rising energy and fertiliser costs, high inflation, ongoing global logistics disruptions, and the war in Ukraine. The coffee supply chain was also hit by weather-related production shortfalls in countries like Brazil, Colombia, Honduras, and Peru. And while significant progress has been made on human rights and labour issues in the agricultural sector, instances of child labour, forced labour, and lack of access to nutrition and sanitation remain. These are complex issues that can best be addressed through prevention, raising awareness at community level and continuous improvement.

PROGRESS IN 2022

We continuously aspire to reach and exceed our self-imposed target of responsibly sourced coffee & tea, against a background of a challenging and highly dynamic coffee & tea supply chains. We made strong progress towards our commitment of 100% responsibly sourced green coffee by 2025, reaching 77%[15] in 2022, a significant improvement compared to the 30% we reported in 2021. To complement existing assurance systems for our responsibly sourced green coffee, we engaged Enveritas, a non-profit organisation that has pioneered a data-driven approach to sustainability verification.

In 2022, we also achieved 100% responsibly sourced (RSPO) palm oil, and we partnered with the Rainforest Alliance in Turkey to deploy a programme to drive 100% responsible sourcing of our Ofçay teas by 2025. We also formalised our collaboration with Sedex to map social and environmental challenges along our global supply chains and manage risks to source more responsibly and improve working conditions. We also launched our Animal Welfare Policy, including a commitment to source 100% cage-free eggs by 2027. We increased our involvement in supporting the future of coffee cultivation by becoming one of the key funders of World Coffee Research, which develops resilient coffee cultivars for the future, and through our collaboration with CIRAD and other partners in key EU-funded programmes.

OUTLOOK

In 2023, we will continue our journey towards 100% responsibly sourced raw materials. We are also expanding our risk-based approach for deforestation and human rights across our supply chains.

15 Market circumstances may impact the actual percentage of responsibly sourced coffee & tea. For example, during 2022 JDE Peet's was not able to source all the required Rainforest Alliance green coffee volumes which impacts our final responsibly sourced percentage. For more information, visit: https://www.rainforest-alliance.org/business/certification/coffee-supply-chain-disruptions/

COFFEE: CONTINUOUS IMPROVEMENT IN THE COFFEE SUPPLY CHAIN

As part of our goal to create a better future, in 2022 we increased our expenditure to integrate more coffee volumes into our Responsible Sourcing programme. This has enabled us to achieve 77% of responsibly sourced coffee versus our planned 32%. The primary driver for the increase resulted from the verification efforts of Enveritas, a non-profit organisation that verifies coffee purchases against sustainable coffee standards. We did this by leveraging Global Coffee Platform (GCP)-recognised schemes, where GCP is the custodian of the Sustainable Coffee Reference Code and the only organisation able to accredit responsible coffee sourcing schemes based on the Code, such as through Fairtrade, Rainforest Alliance, Enveritas, and 4C. GCP recognises two approaches to reflect the diversity of farmer conditions and the challenges at origins:

- Traditional certification, which continues to play an important role in providing assurance systems for responsibly sourced coffee through the compliance audits to farmers.
- Continuous improvement schemes, which drive industry engagement at origin to support farmers who need it, while delivering resilience and compliance in the supply chain. This inclusive and innovative approach allows us to reach smallholder farmers, at no cost to them, and identify gaps in their practices. For this assessment, we engaged Enveritas, a non-governmental organisation. Their data-driven approach brings transparency to the farmers' practices and challenges in our sourcing area, while requiring our greater commitment to solve the most challenging sustainability issues. This approach allows smallholder farmers to participate in sustainability-based expert markets that they may otherwise be shut out from, providing JDE Peet's coffee producers an alternative route to sustainable sourcing.

In 2022, for our sourcing included under the Enveritas scheme, they conducted over 40,000 farm assessments in 22 origins. We accessed detailed insights on farmers' challenges to focus our farmer initiatives and identify further actions we can take to improve our coffee value chain. This provides us with greater visibility on the ground. We then share the findings with our suppliers and together turn the insights into action plans and multi-year projects to enable us to source with a positive impact. More information on our farmer programmes can be found in the 'Active projects map' section of this report.

LOOKING AHEAD

With all the 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.

Our focus remains on reducing our Scope 3 GHG emissions through climate-smart agriculture and regenerative agriculture. In Brazil, we are partnering with Comexim in the south of Minas Gerais on a project targeting 600 farmers, aimed at supporting initiatives to install biodigesters to treat domestic sewage, reforestation, and biodiversity conservation awareness. In Indonesia, we are in final discussions with our strategic supplier ECOM, the Netherlands Enterprise Agency (RVO), and Rainforest Alliance to address the risk of deforestation and gender inclusivity in coffee growing communities.

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, in 2023 we will scale up the size and scope of several projects through extensions.

In Tolima and Cauca, Colombia, we will extend our project with Federacion Nacional de Cafeteros de Colombia to continue setting up a community-based governance for the management of water and improve access to potable water, sanitary units and household wastewater infrastructure.

We are also extending our cooperation with ECOM in Vietnam to grow the use of automated drip irrigation systems in the interest of climate-resilient water availability and efficiency, as well as our project with Mascopex that aims to improve pesticide handling and introduce more resilient farming practices. Our project with Rikolto in Peru is also set to be extended to continue the efforts to improve the positioning and marketing of Peruvian coffee.

In 2022, a number of our farmer programmes ended. Each of these projects was unique in the way it was designed, the approaches used, and the way it was adapted to local contexts, including participation with local partners and service providers who introduced innovation and technology to create more lasting impact. We monitor progress and KPIs to capture the learnings and, wherever possible, we replicate the successes in other locations.

This section provides key highlights from these programmes, and the impact they have had. We want to thank our strategic partners who co-financed the programmes, and worked with us to positively impact the farming communities over a number of years and during often challenging circumstances.

ACTIVE PROJECTS MAP

JDE Peet's | Common Grounds

61 PROJECTS
ACTIVE PROJECTS WITH SMALLHOLDER FARMERS

→

22 COUNTRIES
WORLDWIDE

→

590,000
SMALLHOLDER FARMERS REACHED DIRECTLY SINCE 2015

AN INTERACTIVE PROJECTS MAP CAN BE FOUND ON OUR WEBSITE

ACTIVE PROJECT

Improving good agricultural practices in Krong Nang district

- **TIME FRAME:** 2019-2022
- **LOCATION:** Vietnam – Krong Nang district (Ea Tan, Ea Toh, Die Ya Communes), Dak Lak province
- **SMALLHOLDER FARMERS REACHED:** 6,219
- **PARTNERS:** Simexco, IDH Dutch Sustainable Trade Initiative.

Until very recently in Vietnam, excessive agrochemical use and incorrect soil management led to pollution, declining soil fertility, and erosion. This project trained 6,219 smallholder farmers in 2022 on regenerative and climate-resilient agricultural practices, discouraging glyphosate use, and the distributed coffee seedlings and organic fertilisers. The project saw 98% of smallholder farmers converting to safe and proper pesticide use while 100% of green coffee samples are now glyphosate-free.

ACTIVE PROJECT

Developing sustainable landscape models in coffee plantations

- **TIME FRAME:** 2018-2022
- **LOCATION:** Vietnam - Dak Lak, Dak Nong, Gia Lai provinces
- **SMALLHOLDER FARMERS REACHED:** 5,628
- **PARTNERS:** Louis Dreyfus Coffee, Syngenta, IDH Dutch Sustainable Trade Initiative.

In 2022, this project trained 5,628 smallholder farmers on climate-resilient agriculture, agrochemicals management and safety, soil conservation and pollution reduction. Consequently, we saw a 71% reduction in instances of banned pesticides use, a 39% decrease in pesticides used per hectare, resulting in farmers spending 12% less on pesticides and 74% less on herbicides - all while increasing intercropping practices that enrich soil fertility and reduce soil degradation.

ACTIVE PROJECT

Empowering robusta farmers for coffee garden rejuvenation

- **TIME FRAME:** 2018-2022
- **LOCATION:** Vietnam - Gai Lai province, Pleiku City (La Grai, La Ly, Chu Pah districts)
- **SMALLHOLDER FARMERS REACHED:** 4,294
- **PARTNER:** Mascopex.

Launched in 2018, this project trained 4,294 farmers in 2022 on the safe use of agrochemicals, regenerative farming practices,climate-resilient agriculture, and intercropping - all introduced as opportunities to secure sustainable and diversified income sources.Almost 90% of the farmers are now properly and safely using agrochemicals and 86% of the farmers trained have adopted regenerative and resilient practices.

ACTIVE PROJECT

Developing a sustainable supply chain model for unwashed coffee in Ethiopia - phase II

- **TIME FRAME:** 2019-2022
- **LOCATION:** Mana Woreda, Jimma Zone, Oromia regions, Ethiopia
- **SMALLHOLDER FARMERS REACHED:** 11,180
- **PARTNER:** TechnoServe.

Our partnership with TechnoServe focussed on increasing the productivity of sustainably sourced coffee from Ethiopia, where 78% of land is in need of rehabilitation. Through the TechnoServe Farm College coffee agronomy training programme we reached 11,180 farmers and also conducted labour and health and safety training and audits of 30 hulling stations. At the end of the project we saw a 40% uptake on stumping[16], and through the adoption of good practices productivity of one coffee tree has increased from 1.1 kg to 3.1 kg.

16 Stumping is the practice of rejuvenating older coffee trees by cutting their main stems, thereby encouraging vigorous new growth.

ACTIVE PROJECT

Coffee Alliance for Excellence

- **TIME FRAME:** 2017-2022
- **LOCATION:** Tingo Maria, Moyobamba, and Tocache zones, Peru
- **SMALLHOLDER FARMERS REACHED:** 8,802
- **PARTNERS:** TechnoServe, USAID.

The Coffee Alliance for Excellence (CAFÉ) sought to increase smallholder coffee farmers' incomes and decrease reliance on drug cultivation through post-harvest training and the marketing of Peruvian coffee this resulted in 8,802 farmers selling their coffee in premium markets by 2022. CAFÉ also helped farmers improve productivity and climate resilience through the Coffee Farm College, which trained over 13,000 farmers on sustainable production practices.

ACTIVE PROJECT

Public-private platform promoting prosperity and sustainable coffee production in Cajamarca

- **TIME FRAME:** 2020-2022
- **LOCATION:** San Ignacio, Jae, Cutervo, San Miguel and Chota provinces of Cajamarca, Peru
- **PARTNER:** Rikolto.

This partnership adopted a multi-stakeholder approach involving Rikolto, a Belgian-based NGO supporting farming households worldwide. Set up to develop Cajamarca's coffee sector, the project provided quality training, technical assistance, infrastructure & marketing services, a knowledge management system and an overhaul of the sector's governance structure.

TEA: OUR RESPONSIBLE SOURCING JOURNEY

Despite sourcing less than 1% of the world's tea, we want to make a difference to the lives of smallholder farmers in tea communities. We strongly believe that we can best contribute towards the systemic change required in the tea sector by working in partnership with tea growers, suppliers, NGOs, local and national governments and the wider industry.

We responsibly source 100% of the camelia sinensis and rooibos tea for Europe and New Zealand through Rainforest Alliance certification, while 27% of all camelia sinensis and rooibos tea we purchase is responsibly sourced.

Our Turkish tea business Ofçay plays a critical role in our journey to achieve 100% responsibly sourced tea by 2025. Following an in depth independent risk-assessment of the green leaf production in our supply chain in 2021, conducted by APCO Worldwide, we signed a four-year partnership with Rainforest Alliance in 2022 to develop a tailor-made Sustainable Supply Chain Development programme for Ofçay.

Our aim is to encourage more sustainable practices in Turkey's tea sector, which will benefit the farmers and their families for generations to come. Between 2022-2025, over 12,000 Ofçay smallholder tea farmers will be trained on the requirements of the Rainforest Alliance 2020 Sustainable Agriculture Standards. The smallholder farmers, along with our processing units, are committed to achieving Rainforest Alliance certification, a symbol of sustainable and responsible activities along an entire supply chain.

We are also a member of the Ethical Tea Partnership where we invest in collaborative programmes in our key sourcing regions 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.

ACTIVE PROJECT

Healthy diets for everyone in tea communities

- **TIME FRAME:** 2018-2022
- **LOCATION:** India, Kenya, Malawi
- **PARTNERS:** Global Alliance for Improved Nutrition (GAIN), Ethical Tea Partnership (ETP).

This is a sector-wide nutrition programme in India, Kenya and Malawi to improve the diets in tea communities. In India, more than 100 tea estate line shops have been transformed to Healthy Line Shops to increase the accessibility to nutritious foods, with more cooking demonstrations, street plays and home visits of community mobilisers. In Kenya, over 16,676 project beneficiaries received in-depth nutrition training and access to kitchen gardens, while in Malawi workers on tea estates now receive fortified lunch meals.

ACTIVE PROJECT

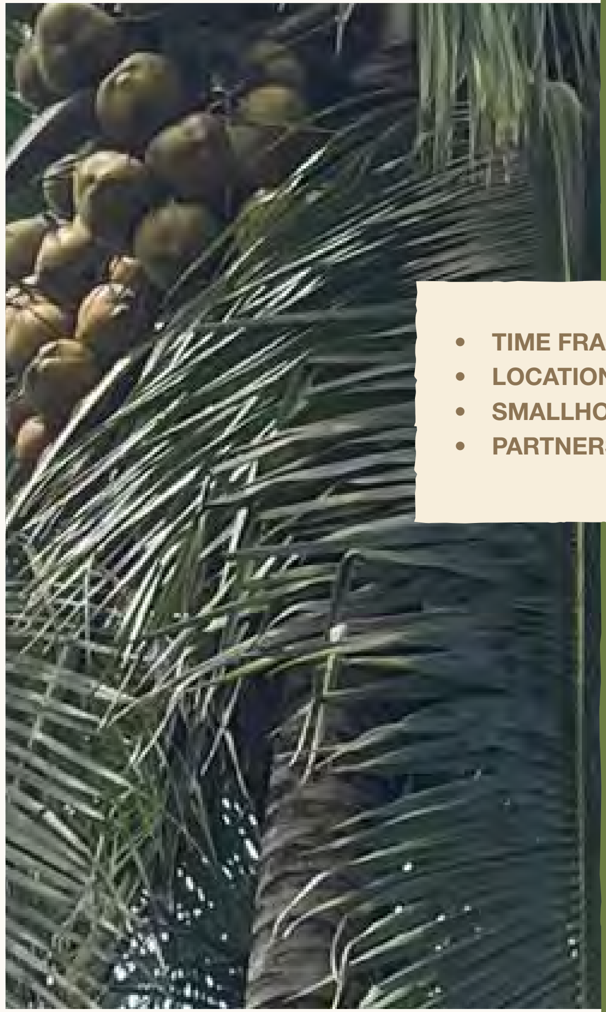
Improving the lives of women and children in Assam's tea communities

- **TIME FRAME:** 2018-2022
- **LOCATION:** Assam, India
- **PARTNERS:** UNICEF, Ethical Tea Partnership (ETP).

In 2018, JDE Peet's and other private-sector partners worked with UNICEF and ETP to address several issues pertaining to women and children in Assam's tea states. By the end of 2022, the project had directly and indirectly improved the lives of an estimated 250,000 women, girls and boys across 205 tea estates in Assam. Almost 97% of tea estates are now covered by government-provided ambulances and maternal provisions, with 100% of documented births conducted safely, and cash benefits to pregnant women to take time off without loss of income. The programme has fostered a protective and enabling ecosystem for children and their families within tea estates to access their rights and entitlements.

PALM OIL: 100% RESPONSIBLE SOURCING

In 2022, we achieved 100% RSPO sourced palm oil well ahead of our 2025 target. Beyond ensuring all our palm oil is RSPO certified, we are partnering on the ground in our two main sourcing origins Malaysia and Indonesia with our suppliers, civil society and local governments. This is in alignment with our Palm Oil Sourcing Principles and our overall strategy of continuous improvement in farming communities.



ACTIVE PROJECT

Developing sustainable palm oil sourcing in Ketapang

- **TIME FRAME:** 2020-2023
- **LOCATION:** Ketapang, West Kalimantan, Indonesia
- **SMALLHOLDER FARMERS REACHED:** 4,126
- **PARTNERS:** Cargill, IDH - the Sustainable Trade Initiative.

In West Kalimantan, we are partnering with Cargill, the Sustainable Trade Initiative (IDH), and the Indonesian Sustainable Oil Palm Smallholder (ISPO) Forum to help independent smallholder farmers achieve ISPO and RSPO certification. To date, 4,126 smallholder farmers have taken part in the landscape program covering over 11,500 hectares of plantations. Activities have included social mapping, land use assessment, trainings and building capacity to help smallholder farmers organise into cooperatives.

ACTIVE PROJECTS

SPIRAL palm oil: delivering models to enabe sustainable oil palm in Sabah Jurisdiction

- **TIME FRAME:** 2021-2025
- **LOCATION:** Kinabatangan and Kunak, Sabah, Malaysia
- **SMALLHOLDER FARMERS REACHED:** 1,730
- **PARTNERS:** Wilmar International Ltd, Wild Asia, IDH - the Sustainable Trade Initiative, Earthqualizer.

We are proud to be part of this palm oil value chain alliance to improve livelihoods, biodiversity and community resilience. The project has four objectives: satellite mapping, expanding options for smallholder farmers to access certification, reducing human rights risks, and adoption of chemical-free agriculture and regenerative practices to improve soil organic matter, fertility, and enhance local biodiversity.

ACTIVE PROJECTS

Towards a sustainable coconut (oil) production at scale

- **TIME FRAME:** 2021-2025
- **LOCATION:** Southern Mindanao and Palawan in the Philippines
- **SMALLHOLDER FARMERS REACHED:** 1,000
- **PARTNERS:** German Development Cooperation (GIZ), Philippine Coconut Authority (PCA), Agricultural Training Institute.

As an alternative to palm oil, we also source coconut oil for some segments of our business. We have therefore also joined forces with peer companies and our suppliers to improve the production conditions of coconut oil along the supply chain. The project aims to increase the agricultural incomes of 1,000 smallholder coconut farmers by 20% and a transparent supply chain and market linkages.

SMALLHOLDER FARMER ENGAGEMENT: FURTHER OUTREACH AND EXPANSION

Under Common Grounds, we partner with farming communities, suppliers, non-governmental organisations and local government bodies to deliver smallholder farmer programmes that implement sustainable and regenerative farming practices, including climate-smart agriculture, crop quality, biodiversity and farmer livelihoods. This contributes to resilient environmental and socio-economic systems that are necessary to nurture and safeguard our collective future in this changing world. In 2022, we reached more than 119,800 smallholder farmers across 61 projects globally, and launched several new projects with our partners. We are proud to say we have exceeded our 2025 commitment early, having reached more than 590,000 smallholder farmers since 2015.

DEFORESTATION-FREE SUPPLY CHAINS: PROTECTING LOCAL ENVIRONMENTS

We recognise our responsibility to ensure that our sourcing of green coffee, tea, palm oil and pulp and paper does not contribute to deforestation. Forests, as well as other natural ecosystems, are essential for protecting biodiversity, storing carbon, mitigating and adapting to the effects of climate change, and to the communities that sustain their livelihoods from the local environment. To achieve our ambition of being net-zero by 2050, we are focusing on deforestation-free supply chains, climate action, and regenerative agriculture practices through our farmer programme.

We approach this threat by tackling the nature of the issue, which is often region-specific and needs to be addressed at community and landscape levels. Our work on deforestation-free supply chains entails continuing to be transparent on this topic and investing where the highest risks are.

We seek to concentrate our efforts in increasing agroforestry and crop diversification where they are most needed to achieve better land management. To drive practices and adopt change at the landscape level, we do this by partnering with local authorities and communities.

To address deforestation, our Responsible Coffee Sourcing Principles require our suppliers to be deforestation-free. We also gather sourcing data from our responsible sourcing partners--including Rainforest Alliance, 4C, and Enveritas--to validate risk areas, including independent annual surveys of our supply chains based on our sourcing footprint by Enveritas. In areas considered to be of medium- to high-risk of deforestation, supplier certification is used to verify deforestation-free status in origins where we source small volumes. Where we source larger volumes, we implement farmer projects to tackle deforestation-related issues.

In 2022, we took a number of steps to further combat deforestation. This included supplementing data with the Enveritas methodology, which involves suppliers disclosing the coffee sourcing region and Enveritas carrying out on-the-ground interviews and checks based on a representative random sample from that region. Our aim is to integrate satellite data to validate the risk areas.

Looking ahead, we will continue to collaborate and invest to address deforestation. This includes greater supply chain collaboration to provide transparency along the value chain, investing to improve the detail of data we receive, and sharing supplier and origin lists online. We believe tackling the issue from a number of different angles gives us the greatest chance of helping remove deforestation from our supply chain.

BIODIVERSITY: THE IMPORTANCE OF RICH HABITATS

We recognise that coffee supply chains and natural habitats that are home to a wide range of flora and fauna are often closely connected. The conservation and preservation of biodiversity is embedded in our Responsible Coffee Sourcing Principles, and we require our suppliers to have good agricultural practices in place that protect natural vegetation, prevent habitat conversion and consequently promote biodiversity. In order to be deemed responsibly sourced and hold certified status, our suppliers need to demonstrate that the volumes we source have no significant direct and indirect impacts on biodiversity. Hunting and the removal of endangered species has no place in our supply chain.

In the Bukit Barisan Selatan National Park (BBSNP) 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 endangered and threatened species such as the Sumatran elephant, rhinoceros, and tiger, and the forest is under increasing threat of degradation.

In October 2022, we were proud to be part of the launch of the EU's BOLERO (Breeding for coffee and cocoa root resilience in low input farming systems based on improved rootstocks) project. With a budget of EUR 8 million, the project is funded by eighteen partners, five of which are from the private sector. The project will be carried out by CIRAD, a French agricultural research organisation in coffee farms in Vietnam, Nicaragua and Uganda, spanning the three continents. BOLERO's main objective is to develop new methods for selecting rootstocks to boost the resilience of coffee polyculture and agroforestry systems, for example by using wild coffee species that could be at a risk of extinction due to climate change.

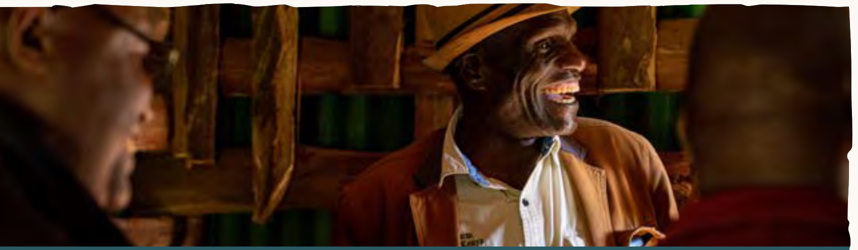
Additionally, we continue our engagement with the One Planet Business for Biodiversity (OP2B) coalition in the interest of protecting and enhancing biodiversity.

ANIMAL WELFARE: ENGAGING WITH LOCAL SUPPLIERS

In 2022, we published our Animal Welfare Policy, developed in collaboration with the Lever Foundation. 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 continuous improvement to promote better standards in quality, safety and animal welfare, respecting the Five Freedoms 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 actively engage with our local suppliers to find time-bound and workable solutions to improve the conditions of egg laying hens. Eggs are primarily used in our OldTown cafes in Asia.

CASE STUDIES



OUR STRATEGIC PARTNERSHIP WITH NEUMANN KAFFE GRUPPE IN KENYA

With its rich acidic soil located high above sea level, Western Kenya is ideally suited for sustainable, productive coffee cultivation and to create opportunities for the next generation of coffee farmers.

Having long sourced high-quality coffee from Kenya, and with the aim of continuing for many years to come, we developed a strategic partnership with Neumann Kaffee Gruppe (NKG) to improve sustainable and regenerative farm practices, including a focus on agroforestry, aquaculture, apiculture, crop quality and composting for the region's smallholder farmers.

Between 2022-2025, we expect to deliver coffee agronomy training and services to 50,000 smallholder farmers, involving almost 20,000 women and 10,000 youths, as we prioritise gender inclusion and equal access to training. We also expect to engage the next generation of coffee producers to illustrate the great opportunities the Kenyan coffee sector holds.

This project highlights our focus on origin diversity and our work based on an end-to-end approach, with Kenyan coffee playing an important role in many our brands, including L'OR, Senseo and Kenco.

Kenco's commitment to Kenya

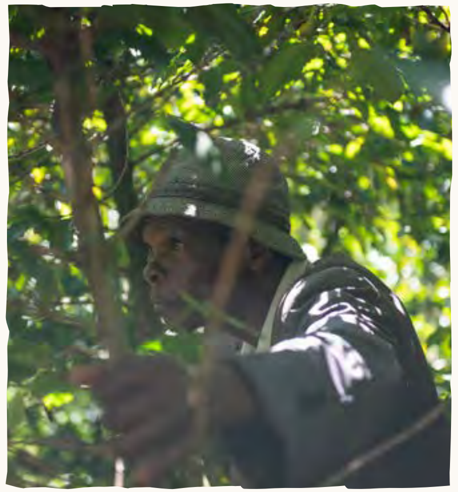
The Western Kenya Farmer Coffee Programme has been part-funded by Kenco, a brand that is committed to sustainable coffee sourcing and supporting the next generation of farmers in the country.

> A key focus at Kenco is improving diversity in the workplace, in our supply chains and in the communities we source from. This programme empowers women as well as men, and we aim to promote gender equality and increase diversity in the region."
>
> *Liz Young, Senior Brand Manager Kenco*

> This partnership is another great example of how we can make a difference together. We are combining forces to strengthen the supply chain and improve sustainable coffee production through regenerative farming. Together, we are investing in the future of Western Kenya coffee which is beneficial to Neumann Kaffee Gruppe, our business and brands, and most importantly to all the smallholder farmers and their families involved."
>
> *Judith de Boer, Global Green Coffee Partnership Programme Lead*

Western Kenya Project

> Kenya's heritage in coffee production and outstanding quality highlight the country's importance in the global coffee supply chain, despite producers having faced numerous challenges in years. Partnering with JDE Peet's, NKG Ibero Kenya and Bernhard Rothfos are excited about the Western Kenya project´s start and progress. While there is a lot of work involved, the teams are highly motivated. Strong partners with common grounds joining resources means we are confident this project will have a lasting and positive impact on coffee farming in Western Kenya. Because of the large scale of our activities, we expect lasting impact and transformative change for the Western Kenyan coffee sector."
>
> *Martin Bodenschatz, Trade Director Bernhard Rothfos GmbH*



THE PURSUIT OF BETTER COFFEE

BRAND HIGHLIGHT

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.

In late 2021, PEET'S reached an industry-galvanizing milestone, achieving 100% responsibly sourced coffee, according to the standards set by Enveritas, a non-profit sustainability organization specializing in sustainability assurance. This groundbreaking responsible sourcing achievement was the result of a multi-year process to verify the conditions and practices on thousands of farms across the more than 20 countries around the world that supply coffee beans for Peet's.

But PEET'S did not stop there. During 2022, the brand also opened its 100th store in China and earned Vendor of the Year honors from Target, one of the largest retailers in the United States.

Peet's COFFEE™

HUMAN RIGHTS

JDE Peet's is committed to respecting all internationally recognised human rights, including those in the ILO Declaration on Fundamental Principles and Rights at Work. We are committed to the effective implementation of the UN Guiding Principles on Business and Human Rights and following the OECD Guidelines for Multinational Enterprises. JDE Peet's is also a signatory of the UN Global Compact.

Our commitment to protect human rights and the key issues relating to our business and supply chain are set out in our Human Rights Policy, JDE Code of Conduct, and Peet's Code of Ethics, which apply to all our employees worldwide, as well as our agents, consultants, contractors and suppliers. We also expect all our suppliers to uphold the same standards to protect human rights in their own operations and to undertake their own supply chain due diligence. Our Supplier Code of Conduct also lays out our expectations that all our suppliers are expected to develop and implement similar policy and risk-based due diligence processes over their own supply chains. Failure to adhere to the above mentioned policies may result in disciplinary actions, up to and including termination of employment or supplier partnership, as applicable.

We recognise that human rights issues, including child labour, forced labour, violence and harassment, are complex and require solutions involving other industry players, governmental institutions and other relevant stakeholders. That is why we are designing and implementing a balanced human rights due diligence programme, which not only follows the requirements of applicable EU and national laws and guidance from international bodies, but also importantly focuses on long term, continuous improvement founded on a risk-based, multi-layer industry approach.

We acknowledge that potential human rights risks may exist across different areas of our value chain and that these risks require specific approaches to human rights due diligence. We have therefore established three working groups to address issues in key areas: own operations / manufacturing, coffee & tea sourcing, and procurement of other goods and services. These are overseen and advised by steering committees composed of JDE Peet's senior management. Each working group is charged with defining a suitable human due diligence programme approach for its area, which will subsequently be implemented and cascaded to our relevant segments and markets. We have engaged an external specialised human rights advisory firm to help design priorities and an annual working plan to bring our human rights commitments to life, including a training programme, governance framework for reporting and deciding on any critical non-compliances, grievance mechanisms, and remediation of negative impacts. Each working group will report to its steering committee on key issues in its area of responsibility, progress made, and relevant next steps.

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 for our entire workforce. We are also embedding 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 confidential Speak-Up whistleblowing service to report and issue. 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 will 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.

Our achievements in 2022:

a. We established a risk-based approach for our own sites, with the priority focus on our sites in the APAC and LARMEA regions
b. We piloted the use of Sedex Self-Assessment Questionnaire (SAQ) on management of social and environmental risks which was completed by our manufacturing unit in Kingsgrove, New Zealand.

Next steps:

a. Sedex SAQ to be completed by our manufacturing units located in APAC, LARMEA[17], and Peet's' site in Alameda
b. Following the completion of these SAQs, the results (including any potential human rights-related risks) will be assessed and a remediation action plan (including the priority of the audits) will be determined for each manufacturing unit
c. Our ambition is to extend the due diligence process to all manufacturing units in Europe during 2023.

17 Excluding our manufacturing units in Saint Petersburg, Trostyanets, Novosibirsk and Kazakhstan, and manufacturing units of Campos, Peet's China, Stumptown and Intelligentsia.

COFFEE & TEA SOURCING

OUR STANDARDS

We take the protection of human rights in our coffee & tea supply chains extremely seriously, including (gender) discrimination, forced labour, child labour, and all forms of workplace harassment, including sexual harassment and violence.

Under our Common Grounds Responsible Sourcing programme, we aim to address the socio-economic and environmental challenges associated with growing our primary raw materials, through partnerships among farmers, cooperatives, exporters, traders, roasters, civil society, and governments.

OUR PROCESS AND PARTNERSHIPS

Our multi-step approach to human rights involves identifying and assessing human rights risks in our supply chains and to monitor compliance with our Sourcing Principles and through our responsible sourcing programme e.g. through Rainforest Alliance, Fairtrade, 4C, Enveritas, RSPO. We also conduct Independent Origin Issue Assessments which include on-the-ground country risk assessments to identify the biggest risks in our supply chains.

80% of the world's coffee is grown by smallholder farmers, the majority of whom are in rural areas with limited access to infrastructure and services. We engaged Enveritas, a non-profit organisation that conducts field surveys with a very large representative size of coffee farmers supplying into our green coffee purchases. This partnership will help us meet our target of 100% responsibly sourced coffee by 2025, at no cost to farmers.

The Enveritas Standard covers critical requirements that represent major issues including the protection of human rights as required by national laws, international conventions, and other sustainability schemes. The approach has been curated to be practical for producers of all sizes and tailored to local conditions.

ONGOING RISK MANAGEMENT

We also require our suppliers to commit to compliance with all applicable laws and to respect internationally recognised human rights standards by completing a supplier self-assessment against our Responsible Coffee Sourcing Principles. This allows us to identify suppliers that are aligned but also those that require time-bound improvement plans. In cases of non-compliance, we also commit to take immediate action (for example, by alerting the responsible local authorities or disciplinary action up to and including termination of supplier partnership) on any known cases of discrimination, forced labour, child labour or workplace harassment and violence.

Our achievements

1. We have made rapid progress towards our commitment of 100% responsibly sourced coffee, tea and palm oil by 2025. We define 'responsibly sourced' as coffee sourced from industry-recognised schemes that include certification and verification schemes.
   a. Coffee: 77% responsibly sourced green coffee in 2022, from 30% in 2021
   b. Palm Oil: 100% of our palm oil is now RSPO certified (as of 2021)
   c. Tea: 100% of our European and New Zealand tea (camelia sinensis and rooibos) is now certified by Rainforest Alliance. In 2022, we launched a four-year tailor-made programme with Rainforest Alliance to evaluate and address the risks in our tea sourcing and manufacturing in Turkey.
2. We believe in focusing on continuous improvement and addressing the risks in our supply chain. We do so by investing in farmer programmes, either directly with a partner (NGO, supplier, local government), or by joining collaborative initiatives with sector partners and peers. Examples of current programmes that address human rights risks in our supply chain include:
3. Honduras – partnering with World Vision
4. Uganda – partnering with a supplier, a local teaching union, and Rainforest Alliance
5. Vietnam – partnering with suppliers and Rainforest Alliance
6. Brazil – collaborative partnership with Global Coffee Platform
7. India (tea) - partnership with the Ethical Tea Partnership and UNICEF
8. Malawi (tea) – providing access to quality and safe schools for children in our supply chain
9. We also are partnering with Verite – a labour organisation, creating a toolkit for responsible labour practices in Brazil – addressing brokers, contracts, and risk mapping.

Next steps

We will continue to deepen our supplier engagement using the Enveritas origin risk assessments of 22 countries as an additional method of assessing human rights in our green coffee supply chain and expand the reach of our farmers programmes to continue to improve farmers' livelihoods.

NON-GREEN COFFEE & TEA PROCUREMENT

As part of our focus on responsible sourcing and commitment to our Supplier Code of Conduct, we made important progress on our responsible sourcing journey along our non-green coffee & tea supply chain. The standards we expect within our own operations and supply chain are laid out in our Supplier Code of Conduct, which is applicable to all our suppliers.

We assessed more than 10,000 supplier locations on the basis of inherent human rights risk, 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 suppliers for due diligence based on their combined risk score and our annual spend with them, allowing us to identify high-, medium- and low-risk suppliers. Based on our risk mapping exercise conducted in 2022, at least 8,000 unique supplier locations, which represent around 20% of our annual spend (excluding green coffee & tea vendors), are considered a combination of low spend and low risk. The remaining group is prioritised for further due diligence, including SMETA ethical audits. We now plan to focus on the further design and roll out of our human rights risk management and audit programme.

Our achievements in 2022

- JDE Peet's joined the Sedex platform and linked with suppliers to enable the sharing of site-specific human rights risk and ethical audit information
- We designed a human rights supplier due diligence programme for non-coffee and tea suppliers, with high risk European and global COGS suppliers being prioritised for further due diligence
- We identified at least 8,000 unique supplier locations, which represent around 20% of our annual spend (excluding green coffee & tea vendors), as a combination of low spend and low risk.

Next steps

- Our short-term target is to gain access to the Self-Assessment and SMETA ethical audit reports for 50% of our prioritised high risk and spend European and global COGS suppliers (these are suppliers with whom our annual spend exceeds EUR 1 million), available through the Sedex platform.
- 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.

INSPIRING PEOPLE TO MAKE CHOICES THAT MATTER FOR THE LAST 20 YEARS!

BRAND HIGHLIGHT

In 2001, SENSEO revolutionised the world of coffee by bringing the first single-serve offering to everyone, and since then it has been serving delicious coffee with a rich crema layer at the touch of a button. Today, SENSEO delights 15 million households in Western Europe by offering affordable, sustainable cups of coffee, and has the largest active machine base in Western Europe[1].

In 2022, SENSEO expanded to new markets in Central Europe and continued its journey towards reducing its impact on the planet: after moving to compostable pads[2] and 100% responsibly sourced coffee, SENSEO launched a new coffee bag now fully designed for recycling.

1 *France, Germany, the Netherlands, Belgium*

2 *According to NEN-EN 13432 biodegradable and industrially compostable*

MINIMISING FOOTPRINT

SUMMARY KPIS[18]

GHG emissions

Scope 1 & 2 emissions reductions from a 2020 base year

(15)%

Scope 3 emissions reductions from a 2020 base year

(1)%

Energy

Total electricity purchases (in PJ)

1.3

Thereof from renewable sources (in %)

50%

Packaging

Design 100% of our packaging to be reusable, recyclable or compostable

78%

Manufacturing waste

Zero waste-to-landfill sites

22

Water in manufacturing

Water intensity (cubic meter per tonne of production)

9.9

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

THE YEAR IN REVIEW

We are committed to creating a more sustainable company and safeguarding the future of the millions of smallholder farmers who supply the world's coffee. To achieve this, we are working to minimise the environmental footprint of our global network of 43 manufacturing sites, while engaging with stakeholders along our supply chain to identify areas where we can cut energy and water use, while minimising emissions and waste.

OUR GOALS

We have defined clear priorities and targets to reduce our environmental impact, setting science-based targets through SBTi so that by 2030 we:

- Reduce our absolute Scope 1 & 2 greenhouse gas (GHG) emissions by 25% from our 2020 base year
- Reduce our absolute value chain Scope 3 GHG emissions by 12.5% from our 2020 base year.

We have committed to design 100% of our packaging components to be reusable, recyclable, or compostable by 2030. We also want to be landfill-free across our manufacturing network by 2025 and are working to reduce water intensity to reach 18% by 2030 versus our 2020 baseline.

MAIN CHALLENGES

The world faced a number of challenging issues in 2022, including supply chain disruptions, ongoing pandemic effects, and mounting inflation, driven by unprecedented economic and geopolitical turmoil and exacerbated by the war in Ukraine. Under these challenging circumstances, we continued our efforts to minimise our environmental footprint. While we made solid progress in some areas, we restated some of our targets, such as packaging recycle, reuse, compost, to improve transparency and provide company-wide targets.

PROGRESS IN 2022

We made strong progress in a number of key areas across the company, including:

- We reduced our total GHG emissions across Scope 1, 2 & 3 by 2.8% from our 2020 base year. We decreased Scope 1 & 2 by 15% and achieved a 1% reduction in Scope 3 GHG emissions.
- 78% of our packaging components is designed to be reusable, recyclable, or compostable.
- We reduced our water intensity by 6% from our 2020 base year.
- 22 of our manufacturing sites are zero waste-to-landfill.
- We further increased the percentage of renewable energy used at our sites in Brazil, Europe and New Zealand, and one of our plants in the Nordics has moved to renewable biogas.

- We switched most of our Senseo pouches to being recyclable, a major milestone in the journey of converting flexible plastics into formats that can avoid the linear 'take, make, waste' model.
- For over 90% of our European tea market we converted our tea bags to industrially compostable material.
- To support our SBTi commitment, we focused on the digitalisation of our GHG emissions calculation. The result is automation of our GHG reporting and the deployment of carbon accounting to allow our business to manage carbon impacts across sales and EBIT, from an SKU, format, brand, customer or market perspective.
- Our Procurement team engaged with our key suppliers, representing 25% of our procurement footprint, excluding green coffee, to encourage them to transition towards SBTi targets and help lower our Scope 3 GHG emissions.
- We are collaborating pre-competitively to align our green coffee footprint calculation across the industry, along with USAID and Enveritas. Several of our key customers have requested detailed information about our ESG journey, with most requests related to our contribution to customers' respective GHG emission reduction targets (SBTi Scope 3).

OUTLOOK

With clear targets and commitments in place, we will continue to work towards minimising the environmental footprint of our operations and value chain. This will include:

- Reviewing our portfolio to optimise packaging weight used to sell each and every cup of coffee & tea, which will help us reduce waste.
- Continuing to maintain our focus on energy reduction, especially in the current geopolitical context with the ongoing uncertainty in gas and energy supplies in Europe.
- Begin preparing to advance our climate ambition towards a 1.5C target aligned with our net-zero 2050 ambition.
- Continuing our data journey to drive good governance and impact. Including GHG emissions was the first step, and we will also include our other non-financial KPIs in our reporting tools. We aim to continue to embed those KPIs into more internal decision-making forums to drive greater impact and employee engagement.

TAKING CLIMATE ACTION

Setting environmental and climate targets helps the entire business manage the climate risks that have the potential to impact our operations, enabling us to continuously build business resilience.

In 2022, we established a validated Science Based Target, committing to a 25% reduction in absolute Scope 1 and Scope 2 GHG emissions and a 12.5% reduction in absolute Scope 3 GHG emissions by 2030 from a 2020 base year. During the year, we achieved a 15% reduction of our total GHG emissions across Scope 1 & 2 and 1% across Scope 3. Working to cut emissions along the value chain highlights our commitment to create a better future by actively minimising our impact as a business.

For example, creating roadmaps and tools to deliver on our SBTi targets enables us to respond flexibly to challenges, including being able to bring forward manufacturing investment plans in response to rising energy prices. As a result, we invested EUR 10 million (+70%) more on climate action projects in 2022 than we did in 2021.

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

FARMER RESILIENCE

Coffee is our key commodity, and our business existence depends on being able to source it today, tomorrow, and in 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.

Over the short to medium term, these smallholder farmers face rising fertiliser costs and upcoming EU deforestation regulations. Over the long term, they will be impacted by changing weather patterns linked to climate change, such as volatile rainfall patterns, rising temperatures, and 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 our responsible sourcing approach, and the reason why we work with partners, civil society and governments on farmer projects. This includes focusing on reducing fertiliser needs, increasing yields, and improving coffee plant resilience. Together, these also help improve the efficiency of 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. More information on this initiative can be found in the 'Responsible sourcing' section of this report.

PACKAGING AND MATERIAL EFFICIENCY

Minimising our material footprint is vital if we are to maximise our resource efficiency and manage our regulatory transition risks. For example, we are working to promote a circular economy by delivering our products in packaging materials suitable for recycling, while reducing our manufacturing waste.

To drive our packaging agenda, we 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 deployment of solutions for small aluminium and plastic recycling, as these valuable materials are often missed in waste management systems.

Driving packaging efficiency is also linked to resource efficiency within our own manufacturing facilities, and by the end of 2022, 22 of our 43 sites were fully recycling their waste streams, incinerating with energy recovery, composting, and so on, with zero waste sent to landfill[20]. We are working hard to share these best practices across our other sites, and intend to be 100% landfill-free by 2025.

20 Zero-waste-to-landfill is where less than 1% of total waste is disposed in landfill.

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 carefully evaluates emerging regulation and 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. Given the recent energy price inflation, we have effectively used these roadmaps to bring forward investment plans. 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 we may face a 40% water shortfall globally 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 speeding up the need to act to ensure water availability, quality and access along our full value chain, from the farmer to our operations and, ultimately, the consumer.

In 2022, we renewed our materiality assessment and re-developed our water strategy to be fit for purpose. 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 origin[21] and is 96% rain-fed, while more than 90% of the water used in our operations is to produce instant coffee. Water is added when it is brewed by the consumer, while our operations mostly deliver dry products to our customers. While clearly important, freshwater availability is less of a risk to us than for other food and beverage companies.

ENGAGEMENT

Empowering our people to make informed decisions is an important part of minimising our footprint, and we continue to invest to deliver information where needed. For example, we map and register the impact of each lane within our logistics areas, and access to this data has helped logistics' teams understand the effect of their decisions. This led to a 6% reduction in our logistics' impact in 2022 compared to 2021 through optimised choices. These included load sharing with other business operators to optimise our retailer partners' inbound logistics.

In 2022, we rolled out our Earth Saving Commitments as part of informing and training our employees in how their everyday actions can make a difference. We also formally extended the reach of our environmental management systems and incorporated the concept of 'minimising footprint' into routine business decision processes.

In areas such as green coffee, data availability remains a challenge. We are actively driving pre-competitive projects to ensure the adoption of regenerative practices. An example of this is our collaboration with Nestlé, USAID, and more than 10 trading partners to set a baseline for green coffee in Vietnam and Indonesia, with the aim of developing sector standards.

21 While coffee as a crop is mostly rain-fed, irrigation is in place in some regions in the world. Water is used to produce washed arabica, although wastewater from washing stations is not always treated and, as coffee is produced in dry areas, water access is not always a given. Water efficiency is integrated into our Responsible Coffee Sourcing Principles and we have projects in place to improve local situations (more information can be found in the Responsible Sourcing section of this report). Where there are water-related issues in our origin countries, improved irrigation forms part of our responsible sourcing programmes to play our part in building farmer resilience.

WORKING TOWARDS SUSTAINABLE PACKAGING AND REDUCED WASTE

% PACKAGING AND MATERIAL EFFICIENCY

Packaging Intensity	Recycled content by weight
2.08 grams per cup	32%

PACKAGING

Progress in 2022

Our focus on package redesign enabled us to reduce pack weight by 3,000 tonnes versus our baseline of 2019, taking us to approximately 5,000 tonnes removed since setting our 15,000 tonnes relative reduction target to be reached by 2025. Now that we have overarching SBTi-validated absolute Scope 3 reduction targets in place, optimisation of packaging material will be covered in our Scope 3 reporting. We will continue to report on packaging material usage weight.

We switched most of our Senseo pouches material to being recyclable, a major milestone. This contribution added close to 1% of packaging material to our 100% target of designing for reuse, recyclable or compostable materials. This strengthens Senseo's brand position as the more sustainable coffee system available on the market.

As part of our focus on designing for reuse, recyclable, and compostable packaging formats, we completed a study with INRAE in France on single serve post-consumer waste, successfully confirming the compatibility of Senseo pads with the biogas/methanisation process, which is in addition to the previous industrial composting tests.

During the year, we converted our tea bags to industrially compostable material following our Turkish Ofçay brand, and started to investigate the sale of our tea boxes without an outer plastic wrap. Given the scale of this transition, all tea bags in the Netherlands are now authorised to be sent to composting through the green bin.

Given the developing packaging legislative landscape, and our aim to deliver all our packaging to have circular value, we revised our target in 2022 to have all global packaging recyclable (reusable or compostable) by 2030.[22]

In previous years, we reported significant progress towards our target of 100% recyclable/reusable/compostable (RRC) packaging. However, we only considered markets with mature infrastructures, equating to roughly 70% of our business, and calculated the contribution on material level.

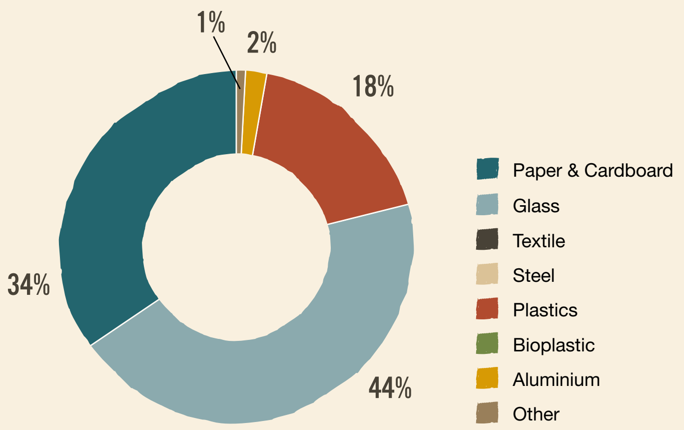
22 Both KPIs are reported in this report. From 2023 onwards only the new target will be reported on.

As we strive to become more circular, in 2022 we decided to extend our scope to 100% of the business using packaging materials that are 100% RRC designed by 2030, tightening our definitions, traceability, and transparency. We will transition to reporting on product level in 2023.

In line with our SBTi targets, our R&D teams have successfully tested increasing the recycling content of a number of our formats to demonstrate the potential to our suppliers and encourage their investment in developing availability.

Geographic variability of recycling, reuse, and composting infrastructure varies greatly. Add in the fast-changing legislative environment, and we are faced with the challenges of manufacturing products which need to serve a variety of market requirements and limitations.

% Packaging materials



Outlook

We aim to make packaging material weight intensity data (grams/cup sold) available across our product portfolio, enabling our teams to review and optimise pack weight used to sell each and every cup of coffee & tea. This will also help our local teams have discussions with customers on shared objectives over reducing packaging material weight. We will include packaging material intensity in future reporting but it will not form an external KPI.

Our phased programme to transition all our multilayer plastic laminates to recycle-ready will continue, including our jar lid portfolio and some of our key R&G product portfolio in 2023.

To support the transition to designing 100% of our product portfolio for reuse, recyclable, compostable, we will further invest resources in packaging R&D. These resources will work on incorporating recycled content into our aluminium coffee capsules, determine and deploy an end-of-life solution for our Senseo milky product offerings, and transition our Tassimo portfolio to being 100% recyclable. These teams will also explore more renewable material sources, such as paper laminate alternatives for multiple formats, as well as working closely with our broad supplier base on future material compositions.

At the same time, we will continue to engage in consortiums, pre-competitive initiatives, and local partnerships with NGOs, governments, suppliers and others to drive impact reduction, and advocate for consistent standards in the regulatory arenas to bring certainty to our investments.

We expect to invest more than EUR 300 million in pre-competitive activation, innovation development and new production lines to optimise material performance by 2030.

WASTE IN OUR OWN OPERATIONS

Progress in 2022

In 2022, we added two manufacturing sites to zero-waste-to-landfill[23] status, taking us to 22 manufacturing sites that now fully recycle their waste, incinerate with energy recovery, compost and so on. We remain committed to reducing our waste per kilogram of product made in manufacturing by 2% per year, and routinely report progress. At JDE Peet's, we are committed to continuously reducing the amount of (total) waste, and the amount sent to landfills. This is part of our determined effort to embed a zero-waste culture across our business.

Following a successful pilot programme in 2021, our Peet's Coffee business now partners with food waste warrior Too Good to Go across more than 200 Peet's coffee bars in the United States.

23 Zero-waste-to-landfill is where less than 1% of total waste is disposed in landfill.

Too Good to Go is one of a growing number of applications that aim to curtail food waste by connecting people with unsold food from restaurants, grocery stores, or coffee shops. Using the application, consumers can browse restaurants and stores, then reserve 'surprise bags' that typically contain food that would have been priced three times higher. In 2022, we launched and sold more than 49,000 surprise bags through the application, saving more than 196,000 pastries from being wasted.

Outlook

Going forward, our aim is to make our remaining manufacturing sites landfill-free by 2025. To make this happen, in 2022 we approved investments to further develop biomass energy production from waste generated in our own operations.

We will further develop our connection with the Too Good to Go initiative across our coffee stores in the United States, and will continue to report progress towards our target of reducing our waste/kg of production by 2% per year.

ENERGY EFFICIENCY

Key suppliers with SBTi targets in place	Total energy from renewable sources
44%	22%

MANUFACTURING

Progress in 2022

Cutting our energy use 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.

In 2022, we made significant progress in reducing absolute Scope 1 & 2 GHG emissions across our operations. We achieved this by increasing the use of renewable electricity across our manufacturing facilities in Europe, Brazil, and New Zealand. By the end of the year, 50% of the electricity we purchased came from renewable sources.

We also switched two tea processing units in Turkey to biomass generation (created from hazelnut husks) from coal-fired generation, and switched one roasting facility in the Nordics to renewable biogas. These changes increased our overall energy use from renewable sources to 1,9 PJ, which makes up 22% of our total energy use. In a few locations, our manufacturing sites are connected to cooling or heating grids, reducing energy consumption and GHG emissions.

During the year, we invested in new evaporation units at Hemelingen (one of our German plants), initiated on-site solar generation in several Asia-Pacific plants, and implemented a large number of smaller engineering and operations activities to reduce energy consumption. We are also partnering with equipment suppliers to pilot new technologies to reduce energy and GHG emissions.

Effective and efficient implementation requires close collaboration internally and with external stakeholders, such as industry partners, equipment suppliers, governmental authorities, and local communities. For example, to increase awareness across the company, we published our Earth Saving Commitments in 2022. These will help employees recognise where they can make a difference, and how the changes we are making can lead to a bigger impact.

Outlook

We continue to invest in a number of energy and emission reduction programmes over the mid to long term, through equipment trials and R&D.

Each manufacturing facility has a roadmap for energy and environmental footprint reduction, while our investment programme carefully evaluates emerging regulation 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. This will include investments, aimed at extending our use of renewable biomass waste to provide energy for our manufacturing facilities.

Going forward, we remain focused on reducing our energy use, especially in the current geopolitical context and the uncertainty surrounding gas and energy supplies in Europe. We will continue to roll out our investment programme and further develop Net-Zero Factory designs and technologies, through ongoing capability building and a culture shift in the organisation.

SUPPLIERS

Progress in 2022

Excluding the impact from green coffee & tea, nearly 20% of our Scope 3 GHG emissions comes from our packaging and raw material suppliers. Of this, 60% originates from 16 suppliers. For a number of these suppliers, the price of energy is a key component of their supply, either directly or along their supply chains. Our goal is to help build our suppliers' resilience, which will then have a positive impact on our own resilience.

To help achieve this, in 2022 we began including shared sustainability objectives as part of our ongoing relationship with these strategic suppliers, with the expectation that they will set actual or equivalent science-based targets. We will chart suppliers' progress against their targets and use their data to inform reporting of our impacts, and of our roadmap. By the end of 2022, seven of these key suppliers had SBTi targets in place.

Outlook

With science-based targets helping to both contribute to a low carbon economy and aid us in achieving our sustainability objectives, we want to set actual or equivalent science-based targets for all 16 of our key suppliers by the end of 2023.

Beyond that, we aim to embed environmental criteria in supplier selection and performance across our entire supplier base, linking also to our common approach on responsible sourcing topics such as no deforestation and indirect palm oil. This will include developing clear expectations for other smaller volume commodities, such as cacao, coconut oil and sugar.

MANAGING OUR WATER USE

Reduction in water usage versus 2020	Water we use within our operations
4%	90% is from our 5 instant coffee facilities

WATER EFFICIENCY

MANUFACTURING

Progress in 2022

In 2022, we worked on developing our first Water Policy, which creates the foundation for our work to positively impact our water footprint. We plan to launch the Policy, which follows the structure proposed by the UN Global Compact Water Resilience Coalition, in the first half of 2023.

With water insecurity set to be a major challenge this century, our policy has been set up so that it can be quantified against the three dimensions of water stress -- quantity, quality and access -- and be measured via both short-term outputs and long-term outcomes.

The policy sets an enterprise ambition that manifests in water-stressed priority basins to create impact where it matters most. Reaching the targets linked to this ambition requires a combination of investments in our own direct operations and through collective action partnerships and initiatives within basins.

During the year, we worked in a number of areas to reduce our water use. We developed a water strategy that addresses water intensity, water stress, and water quality. This strategy will help us to further stress the importance of water and outline the framework on which we intend to focus.

We also renewed our water stress investigation using the Aqueduct tool, which enables us to measure, map, and mitigate water risks around the world. The tool helped us identify 12 sites where we will develop future plans to mitigate risks together with the manufacturing sites. Based on this, we contacted local water authorities to confirm the results, helping to build action plans to reduce water stress in those areas.

We have set a target of improving water intensity leading to an 18% reduction by 2030 versus our 2020 baseline. This target gives us the flexibility to make investments spanning multiple years. In 2022, we reduced our water usage by 4% versus our base year and along with it we achieved a 6% reduction of water intensity. We achieved this by sharing best practices across our units, while working closely with both our manufacturing and our R&D colleagues. More information can be found in the our 2022 CDP water security response.

Outlook

Around 90% of the water we use within our operations is at our five instant coffee facilities. Because water and energy usage is correlated, we aim to include water reduction initiatives in our energy roadmaps. 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.

We have started to collect wastewater quality numbers, such as chemical oxygen demand numbers (COD). The most common application of COD is in quantifying the amount of oxidisable pollutants found in surface water, such as lakes and rivers, or wastewater. This will give us greater insights into the impact our wastewater discharge has, and help us make changes, if necessary. Currently, a number of our sites already process wastewater directly, generating biogas which is used as a renewable energy source within our operations.

ENGAGEMENT

Sites ISO 14001 certified	Savings in logistics
65% of our sites	12% vs 2020

INTERNAL

Progress in 2022

Reducing energy and water use is a company-wide responsibility, and we undertook a number of initiatives to better engage with our employees. We believe that small behavioural changes by our employees in the office can help reduce our climate impact. For example, 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. For example, in Utrecht, any food remaining in the canteen is donated instead of being thrown away.

Requesting employees to include sustainability within normal business decisions and processes is a key part of our engagement process. During the year, we developed reporting tools to 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.

During our Safety, Health, Environment (SHE) conference, we brought together 30 SHE experts from across the globe and emphasised the importance of saving water via a water training session.

Within our latest SHE assessments, we have placed greater focus on the environment and waste, with manufacturing plants required to achieve defined targets. We have also included waste e-learning for SHE experts, and focused on improving competencies and execution of the Waste Best Practice survey to identify areas for improvement.

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. By the end of 2022, all EU sites were certified, and 65%[24] of our manufacturing sites are now certified. We also held monthly monitoring on progress.

We also developed new tools for our R&D teams to use during product design, enabling them to compare the full life cycle impact of their designs, both for product and for pack. These then provide inputs for our innovation decision processes.

24 Excluding seven Peet's manufacturing facilities.

Sustainability data is also embedded into reporting across all elements of our logistics chain, from green coffee sourcing and shipping to final customer delivery. Providing detailed data to the supply chain teams has enabled employees to unlock savings of 12% since 2020.

Outlook

Going forward, we will continue to embed tools and further develop the automation of our ESG reporting needs. This will include providing individual business units with their own ESG reports, to decentralise decision processes, and engaging all employees in creating a better future.

We also aim to roll out our Green office pilots across the business, including day-to-day activities contributing to water and energy reduction, travel choice awareness, and developing additional logistics' savings through the use of new lanes, such as inland water transport from delivery ports.

EXTERNAL

Progress in 2022

While green coffee impacts have previously been reported using public data available through the World Food LCA database, this data is static and, to some degree, historical. Through engaging Enveritas, we are now able to utilise their unique sampling methodologies and report more dynamic green coffee impact data, mapped to our sourcing locations.

In 2022, we actively led pre-competitive collaboration with both Nestlé, USAID, and more than 10 trading partners, to set a baseline green coffee carbon footprint in Vietnam and Indonesia. From this, the aim is to develop sector standards. We also welcomed Lavazza to the project during the year.

Outlook

Having worked with partners to develop a baseline green coffee carbon footprint within Asia, we will continue to show active leadership linking the Sustainable Coffee Challenge with other coffee roasters to develop a similar baseline across a number of Latin American and Arabica supply locations.

Ensuring there are clear data standards informs our position with the relevant trade bodies, and our response to potential carbon labelling legislation. We believe that the right tools should be available to everyone, which is reflected in our membership of the Cool Farm Alliance (CFA), a not-for-profit member organisation that owns and operates the Cool Farm Tool (CFT). The CFT is used to measure on-farm greenhouse gas emissions, carbon sequestration and other environmental sustainability indicators. Additionally, we are supporting the pre-competitive development of this open-source reporting tool for perennial crops such as coffee. Pre-competitive alignment on data standards will ensure consistent reporting, and common understanding of how to bring systemic sector change.

CASE STUDY

Making Senseo pads industrial compostable

In March, France introduced new bio-waste regulations. This meant that our Senseo soft coffee pads, which comply with a globally recognised industrial composting standard[25], no longer achieved the standard needed to be mixed into the industrial composting chain. This resulted in a potential 19,227 tonnes of industrial compostable packaging, which consist of 97.6% coffee grounds, being lost annually from the composting chain.

In response to this regulation, we conducted a series of tests with external experts to ensure the end of life of Senseo pads would meet the expectations of stakeholders and highlight that they do not disrupt the various composting and mechanisation processes. We achieved this by:

- Verifying the perfect biodegradation of pads in real-life industrial composting and methanisation conditions
- Analysing the presence of microplastics in compost, going beyond EN 13423 standards
- Showing that Senseo pads are perfectly degraded during industrial and methanisation composting processes, leaving no traces of polylactic acid (PLA).

Based on these results, we met all relevant French key decision-makers so that we could highlight the properties of Senseo pads in terms of compostability, and demonstrate our commitment and R&D efforts. It is important that stakeholders are aware of the contradictions that this new regulation causes for the coffee category, and understand that the only way to harmonise it is through the home compost standard.

25 EN 13423 standard

Senseo 2023 challenges

- Conduct a domestic composting experiment to test the biodegradability of Senseo pads according to the home compost T51/800 standard
- Move towards a change in the 51-800 standard, which focuses on plastic bags and does not apply to coffee pads
- Continue the dialogue to modify current regulations and allow coffee pads to be sorted in the bio-waste bin
- Carry out R&D work to make pads compatible with domestic composting.

CASE STUDY

More rail, less road transport

The European road freight market is becoming increasingly challenging. Currently, there is greater demand than capacity, and this is expected to continue as the shortage of drivers in Europe grows. At the same time, fuel prices are rising and more sustainable transport is required to achieve climate goals.

With the company making around 60,000 truck journeys per year to move goods between our factories and local distribution centres, we have started to look for more sustainable alternatives. One option is moving goods by rail, which generates 83% less CO2 emissions than road transport.

In 2022, we shifted 11 lanes from road to intermodal rail transport, such as from Poznan (Poland) to Harwich (UK). Although we use road transport for the first and last mile, this shift has enabled us to cut road shipments by 1,400, saving 1,200 tons of CO2 per year. In 2023, we will continue to look for other transport lanes that can be switched to rail transport.

Delivery consolidation improves efficiency, cuts CO_2 emissions

How do we help reduce the number of trucks on the road, while improving air quality? We are currently involved in a pilot project in France that is trying to achieve just that. JDE Peet's and seven other companies are working with a logistics provider to consolidate deliveries to supermarket chain Carrefour, sharing truck space so that goods from multiple groups are collected and delivered together. In 2022, this led to a number of benefits for the companies involved, the environment, and the customer, including:

- Reduced CO2 output
- Truck deliveries that were 100% full
- 35% fewer trucks on the roads
- Fewer deliveries to the supermarket
- Improved product availability.

"This partnership is a key asset for JDE Peet's to create a supply chain that is both more sustainable and efficient"

Anabel Martins Rouviere, Supply Chain Director France & South Europe, JDE Peet's

"We presented the project to other food suppliers, with the aim of inspiring them by showing how well the collaboration between Carrefour, JDE Peet's and the other participants had gone."

Perrin Marie Agnes, Directrice Filiere Epicerie, Carrefour

CLIMATE-RELATED RISKS AND OPPORTUNITIES

INTRODUCTION

We take the threat of climate change particularly seriously. Yet, while climate change poses risks to current business models, it also creates opportunities for companies that act decisively in a competitive environment. In addition to our own actions to tackle climate change (as described in the 'Minimising Footprint' section of this report), we assess how climate change may impact our business. We adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and to execute the TCFD recommendations and deepen our understanding of climate risk and resilience, we are undertaking climate scenario assessments and report the governance, strategy & risk management, opportunities and metrics related to this. In 2022, we updated our risk assessment for transition risks and physical risks

GOVERNANCE

Governance and Board oversight of climate change is described in Sustainability Governance in the Board Committees section of this report.

RISK MANAGEMENT

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 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.

The model supports our expectation that in the near to medium term (2030) our business will need to navigate transition risks, as is already evident in the evolving policy landscape in many of our markets. And in the long term (2050) we will have to deal with 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.

The process of identifying, assessing and managing climate 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 risk, Deforestation risk and Carbon pricing mechanisms.

Physical risks

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, 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.

In our 2022 update assessment, we concluded that the risk related to water and transportation, such as an increasing frequency of natural disasters over the long term, was not as great as concluded in 2021. With respect to the transportation risks, as proven by COVID-19 and its associated supply chain challenges, our business continuity framework is considered to be sufficient and is fully embedded in our business.

For water risk, we analysed our water stress sites and investments in 2022, and do not consider the risks to be significant. We continue to track water consumption and drive for continuous reduction. As a result, we have one material physical risk left: Chronic climate impact on supply chain.

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.

CUMULATIVE FINANCIAL IMPACT ON EBIT UP TO 2030

Risk	Risk description	Impact / resilience	Financial implication (cumulative up to 2030)	Mitigation strategy (management of risk)
Packaging risk	Existing EU regulations require all packaging to be recyclable by 2030 and limit our ability to place products into the market. These requirements might be extended to other regions in time.	78% of our packaging components is designed to be reusable, recyclable or compostable. Failure to transfer remaining materials and comply with associated regulations will result in lost revenue and associated EBIT.		Clear roadmap to convert products to new materials in a phased approach with the support of our suppliers. This includes investments in new lines to accept material changes and optimisation of portfolios, while maintaining product safety and quality. Estimated implementation costs: EUR 325 million.
Deforestation regulation	Expected EU regulations will come into place mandating due diligence checking for imports.	While 75% of our coffee volume comes from locations with a low risk of deforestation, for the remaining coffee volume increased levels of premiums need to be paid to ensure supply chains of validated deforestation-free coffee.		We continue to maintain sourcing flexibility through strategic relationships with suppliers, and continue to develop supply options. Key to stemming future deforestation is improving farm outcomes, and this is a key part of our responsible sourcing investments. More information can be found in the Deforestation-free supply chains: Protecting local environments section of this report. Estimated implementation costs: EUR 150 million until 2025 as part of our responsible sourcing strategy.
Carbon pricing mechanisms	Carbon pricing mechanisms, such as EU ETS, are expected to broaden in scope, reach, and increase in cost.	An increase in carbon pricing, and an increase 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 implementation cost: EUR 100 million.

<EUR 0.3 billion | EUR 0.3 – 0.5 billion | >EUR 0.5 billion

Risk	Risk description	Impact / resilience	Financial implication (cumulative up to 2050)	Mitigation strategy (management of risk)
Chronic climate impact on supply chains	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, under current practices, reduces, and competition for land would likely increase. Such changes would put upward pressure on the price of coffee, while also likely increase volatility in the market.	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.	Can not 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.

Resilience

As described in the table above, JDE Peet's is 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.

Opportunities

We did not identify incremental business opportunities related to climate in the TCFD analysis. While coffee consumption may move from more cold to hot in some regions, our broad portfolio of brands and products means we are well placed to adjust to changing consumer demands.

Metrics and targets

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

CONNECTING PEOPLE

SUMMARY KPIS[26]

Connecting People
Common Grounds

Our workforce as at 31 December

No. of employees	Internal fill rate global leadership team	Employee workplace experience indicator[27]
20,710	52.8%	75%

Diversity, equity and inclusion

Share of women in leadership positions[28]	DE&I champions & ERG members	Gender pay equity difference
41%	242	<1%

Training	Food safety and quality	Occupational health & safety
Average training hours per employee	Total manufacturing facilities with FSSC 22000 certification or equivalent	Total Recordable Incidents Rate (TRIR)
22.7	75%	0.46

UNITED BY OUR LOVE FOR COFFEE & TEA AND ALL ITS POSSIBILITIES

WHILE REINFORCING OUR PURPOSE, VISION AND VALUES

Our employees care about the world of coffee & tea. Since 1753, we have been crafting a heritage of innovation through our many brands. From Moccona to Jacobs, L'OR to Douwe Egberts, and Peet's to Campos, our people have a love of coffee and its many possibilities.

We are proud to play a positive role in every major culture on the planet, representing millions of everyday coffee moments around the world. We are the champions of coffee democracy. Whoever you are, whatever you enjoy, we have a coffee & tea for you.

We stand together on Common Grounds, where our employees grow, we grow, and coffee grows. An inclusive approach to a sustainable future. We deliver above and beyond. We move fast, each playing our part passionately. Every effort counts. Action is what matters. We are progressive in outlook, ambitious in nature, resourceful in action and decisive in approach.

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 2022, we further embedded our values across our operations, and what it means for our employees at every layer of the organisation. We ensured that each and everyone recognised that Our Values guide our behaviour.

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

CONNECTING PEOPLE

DISCIPLINE

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

Discipline is important for me. I think this is one of the most important principles to ensure a high level of Safety, Health, Environment or Quality! I strictly follow the rules, standards and procedures and take action when I observe any deviations."

***Stefan Bodenschatz,** Quality Engineer - Hemelingen Plant*

SIMPLICITY

We choose the most straightforward paths to achieve our desired outcomes.

For me, Simplicity is creating clarity, focus and a positive drive to change our working environment into something smarter and easier to work in. Leveraging the Manufacturing Operating System (MOS) to improve our daily production process and reach operational excellence is full of Simplicity. When I work on implementing Digital MOS tools, I know that I am making the work environment simpler because simplifying five meeting dashboards into only one, and simplifying the number of production data input systems from five to two, is not only smart, but living the value of Simplicity."

***Stefan Belt,** Continuous Improvement Manager - Utrecht Plant*

ACCOUNTABILITY

We take responsibility for our actions and ownership of our results.

For me, Accountability is taking care of my own area and machine, and supporting others to do the same, regardless of whether it concerns safety, quality, delivery or efficiency. It is also important to take your own decisions to deal with unforeseen situations, and take responsibility for them. I want to feel satisfied and proud when I finish the working day."

***Christine Doolan,** Production Operator - Gävle Plant*

SOLIDARITY

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

A great Brazilian writer said that: "Being solidary is also donating time, love and attention". This means performing as well as you can. Here at JDE Peet's, I am pleased to share moments of synergy and success between multidisciplinary teams. And I take what I've learned back home, to my family and my life; the biggest lesson being that there is joy in sharing with someone else what happens over a cup of coffee."

***Maicon Araujo Santos,** Production Coordinator - Salvador Plant*

ENTREPRENEURSHIP

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

For me, Entrepreneurship is acting like the owner. I have been working with this company for 20 years and I feel that our plant is my second home, and our employees are like my family. That is why I have supported my colleagues to accept the integration changes and implement the safety culture and policies, such as LOTOTO, traffic movement, machine guarding… I am always seeking to improve the plant's working conditions and enhance the safety & quality culture."

***Cengiz Kasap,** Plant Manager - Duzce Plant*

ENGAGING OUR EMPLOYEES

At JDE Peet's, we define engagement as being involved, enthusiastic and committed at work. Engagement helps our employees to be fully immersed, feel energised, stay focused and contribute fully. We believe that engagement is a continuous journey and the outcome of small actions and everyday interactions. Engagement is the way we connect, listen, appreciate and support one another.

We are focused on developing both a working environment that is engaging, and a strong culture of engagement. We want to hear from our employees by inviting them to embark on an engagement journey, beginning with our annual survey that measures engagement levels across the organisation, understanding the results at a team level, followed by action planning sessions and regular follow-ups.

In 2022, 83% of our employees took part in our company-wide survey, and our aggregated results expressed as the Associate Workforce Experience indicator showed that 75% of our employees scored a 4 or 5 (on a 5-point scale) in the engagement survey questions. In today's volatile environment, we recognise the importance of focusing on our employees' well-being and ensuring that they feel connected, supported and cared about, and the survey included specific questions on DE&I and well-being.

With a highly engaged Leadership Team leading by example, our engagement index rose to 5.44 in 2022 (2021: 4.09), reflecting a significant improvement in the ratio of engaged to actively disengaged employees. We are especially proud of our markets which achieved engagement levels in the top quartile amongst peers. And when looking into the different employee groups, we saw that there are no significant differences either in gender or in generation.

Our managers focus on engagement and every team is committed to taking action to address their specific engagement challenges. Our approach fosters accountability by:

- Access and transparency: Managers access their own results while maintaining confidentiality. This develops feedback, encourages transparency, and helps identify opportunities across the team
- Leadership accountability: This process allows teams to own their own outcomes and develop processes or improvements that will create impact across the company.

GROWING OUR TALENT

At JDE Peets, our people bring our mission and vision to life and allow us to unleash the possibilities of coffee and tea around the world.

We enable our employees to pursue opportunities and develop new ideas that make an impact by empowering them to develop themselves and learn every day. When our people grow as individuals, we grow as a company, and coffee grows.

Our strategy combines centrally designed and deployed development programmes and curricula, with 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.

We have a customised approach to training, and provide targeted initiatives for different populations: senior leaders, future leaders, first-time managers, front-line managers, and so on. Our Learning Management System is our one-stop-shop for education and is structured around four pillars: functional capabilities, core capabilities, team leadership, and organisational culture. It provides many opportunities for self-paced learning, bite-size learning, webinars, e-learning, or in person sessions.

Throughout 2022, our employees spent an average of 22.7 hours on face-to-face trainings, coaching, mentoring, e-learnings, videos, webinars, and tests (including mandatory trainings).

INVESTING IN OUR MANAGERS, LEADERS AND TOP TALENTS

We use the final appraisal and mid-year review to identify our top management and leadership talents and we invest in their development with two global programmes: Rise and Elevate. These highly selective, global programmes are designed from world-class, industry leading experts and provide a holistic development journey over the course of several months.

JDE PEET'S LEADERSHIP AND MANAGEMENT DEVELOPMENT

We offer four global programmes that cater to the different stages and needs of the management development journey.

1. People Manager Essentials programme

This is an open registration programme for all current and future people managers structured to support managers during key activities of the employee lifecycle, helping them develop essential management skills. Courses are online and asynchronous supported by highly interactive, practice-based workshops.

2. Rise – Future Leader Programme

Rise is our global, nomination-based programme for JDE Peet's Future leaders below Director level, ensuring the development of leadership skills in a consistent and comprehensive way across the globe. Our top management talents from around the world form connections while working together over a period of several months in a highly experiential learning environment. The key elements of our global flagship programme include: preparation work and individual assessments; mentoring with JDE Peet's senior leaders / Elevate alumni; coaching with certified, external coaches powered by ICF Certified external coaches; coaching pods and practice between peers; line manager involvement & support; social interaction with Global Leadership team members and practical frameworks, exercises and reflection to use in their everyday work.

The latest cohort of the Rise Future Leaders programme had an overall satisfaction score of 4.6/5, with a 100% response rate, and 4.6/5 in the applicability of the knowledge to participants jobs.

3. Elevate – Senior Leader Development programme

Elevate is our highly selective global programme targeting senior leaders at Director level, up to Executive Committee direct reports. Elevate is designed to be an iterative learning journey, one where each stage will refer to and build on learnings from personal insights, leadership frameworks and external industry experts, over a period of seven months. Key elements include self-awareness through assessments and 360 feedback; seven days of live training with world class facilitators and external speakers; complex business simulations with observation and feedback; executive one-to-one coaching; manager touch-points and tripartite sessions with coaches; practice and support in groups with peers; self-reading; online webinars; planned actions; and learning from application and frequent reflection and feedback.

Each of the eight elements that make up the Elevate journey are designed so that the learning can be applied to participants that face real-world Strategic Leadership Challenges, enabling application and learning from shared experiences.

4. The Leadership Journey programme

In 2022, over 60 managers participated in The Leadership Journey programme at our Peet's business, a 10-week long initiative to provide managers with the tools and skills to do their jobs effectively and increase efficiency within their respective teams. Participants ranged from coffee bar managers, manufacturing line managers, direct store delivery regional managers, and home office people leaders. Session topics covered Leadership Principles and Practices, Leadership Communication, Managing Execution and Result, The Power of Coaching and Feedback, Managing Teams & Understanding Unconscious Bias.

In addition to our four global programmes, we encourage our local markets to expand our leadership development offering by creating locally relevant initiatives that are tailored to their needs.

PROFESSIONAL COACHING

During the year, we offered external, professional coaching to 80 of our top talent through one of the biggest digital coaching platforms. Employees from around the world were able to choose their own ICF (International Coaching Federation) certified coach, setting goals and development areas in conjunction with their managers.

Participants undertook an average of seven coaching sessions within a four-month period, and said they were extremely satisfied with the programme, rating it 4.8/5. We believe investing in the personal development of our talent enables them to grow within the organisation by identifying and working on their unique needs.

RETURN TO FACE-TO-FACE LEARNING

During the COVID-19 pandemic, we were forced to move to virtual content and e-learning, but in 2022 we were delighted to be able to reintroduce face-to-face events. These included several team off-site trainings, a four day training event for a hundred directors held in Greece, and Rise, our flagship talent development programme for managers.

The return to face-to-face learning was welcomed by participants, and the post-training feedback illustrated how this transition improved participation and engagement. Connections formed during training events not only strengthen the learning impact by creating an environment where employees can practice the concepts taught, but it also helps people form valuable relationships that support them in all aspects of their professional lives.

EMPLOYEE WELL-BEING AND RESILIENCE

In 2022, we invested in our employees' well-being by launching HealthYOU, an initiative that reflects our commitment to the three dimensions of well-being: body, mind, and relationships. As part of the initiative, we created and rolled out activation resources, tools and materials globally, with guidance and interactive exercises covering a wide variety of situations for employees across the entire organisation: from the factory, the field, or the office environment. We also held face-to-face sessions, and curated digital content that expanded into the areas of mindfulness, resilience and mental fitness.

FEMALE LEADERSHIP PROGRAMME

During the year, we launched a pilot programme called Shine, targeted at female employees in our Out-of-Home business. The pilot offers mentorship sessions and career advancement to a group of female employees in an environment that is traditionally male, and aims to develop skills such as building confidence, presence and impact.

FUNCTIONAL ACADEMIES

We provide our employees with a learning-rich environment, offering each business function access to tools and guidance and digital access to our educational platform so that they can create functional learning academies. These academies reflect the key capabilities and competencies identified by each business function, and help employees develop on specific topics, processes, and skills. Functions can also curate external digital content to complement their internal offering. By the end of 2022, functional teams had developed 76 courses internally.

FUNCTIONAL MENTORING

In 2022, we expanded our mentoring support, adding five functional and local mentoring programmes. Based on participants' feedback, we made the programmes more structured, created guidance, standardised materials, and delivered training for both mentors and mentees. We also closely monitored the impact they had through progress interviews.

COMPLIANCE AND OTHER MANDATORY TRAINING

To help strengthen our compliance culture and protect our company and customer data, privacy, and infrastructure, in 2022 we significantly increased completion monitoring of our global mandatory training. Employees are required to take a certain number of compliance training sessions per year on topics such as cybersecurity, phishing, data protection and privacy, code of conduct and anti-bribery and sanctions risk management. Additional e-learning data can be found in the Observing the highest standards of Ethics and Compliance section of this report.

CASE STUDY

Nordics leadership development academy

In 2022, our Nordics organisation developed a 6 to 8 month leadership development journey targeting people managers in the Nordics region, across all levels and functions. The Nordics programme builds upon the JDE Peet's leadership development philosophy, global training offerings and frameworks, and is designed to strengthen the succession pipeline and establish a strong leadership network within the Nordics' markets.

WE STAND TOGETHER IN OUR DIFFERENCES

We aim to create a better future where we authentically serve, reflect and embrace everyone. 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

We recognise Diversity, Equity, and Inclusion (DE&I) as a key business enabler, and one of our most material topics as it contributes to each pillar of our strategy (more information can be found in the Our strategy section of this report):

- Serve more cups, by increasing our ability to attract and retain consumers 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.

To embed DE&I across the organisation, our strategic framework focuses on:

- Workforce: our people reflect the diversity of our consumer base and talent pool
- Workplace: JDE Peet's being recognised for its inclusive culture where everyone feels like they truly belong, and feel comfortable to be themselves
- Marketplace: our brands authentically serving the needs of all our consumers
- Supply chain: our supply chain actively contributing to creating an inclusive ecosystem.

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 for women to grow into leadership positions
2. Value differences to ensure our employees feel they can be who they truly are.

Every market, site or local country team is empowered to define their local focus areas which fit their social or legal context. From a diversity perspective, this also means we empower all units to define what 'good' looks like, leveraging representation within the unit or across society at large. Additional input is often collected directly from our employees through dedicated surveys, focus groups or listening sessions.

CASE STUDY

Marketing functional development

We continued our journey of building creative excellence within our marketing community throughout 2022, focusing on strengthening digital capabilities. This included designing bespoke digital training, such as e-learnings modules and live workshops, with the objective of building foundational knowledge on the fundamental concepts relating to digital media and brand communications.

By building a collective understanding across the business, we create a strong digital behaviour structure, enabling all of us to better connect with consumers and develop meaningful communications. When done well it allows us to unlock the potential of digital by making it an integral part of brand building, ensuring our brands remain relevant for future generations. All our media and digital managers globally were trained on a consistent digital approach overall, lifting standards and creating a 'JDE Peet's way'.

This could mean, for instance, focusing on race or ethnicity in Brazil, while focusing on equal opportunities through apprenticeship in France.

At JDE Peet's, every employee takes responsibility for making progress on our commitments. This is why we have put in place governance, leveraging not only HR but also the rest of our organisation, at a variety of levels. Such governance enables us to ensure meaningful progress globally and exchange best practices between markets, sites or countries so we can drive excellence.

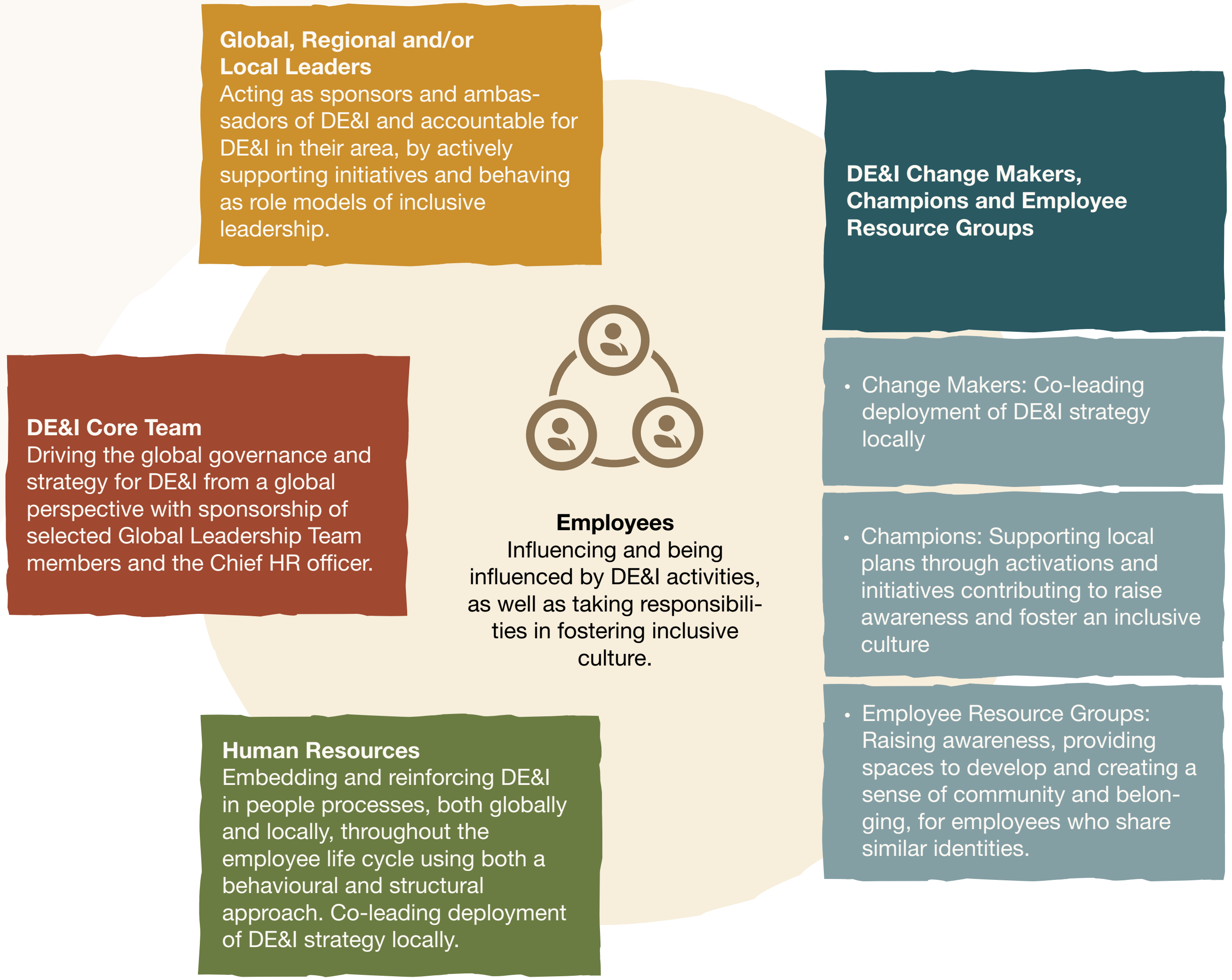
Following the launch of our market activation toolkit in 2021, which outlines a pragmatic and systemic approach for local DE&I activation, we defined our own maturity model based on four stages. At the end of 2022, we reached 80% completion rate of stage one across all markets, with some of our most advanced markets having progressed to stage two.

Throughout the entire employee lifecycle, from recruitment to performance and talent management, we place DE&I at the core of our global people processes. This enables us to drive objectivity and eliminate bias for our employees, ensuring an inclusive experience in the workplace.

TALENT ACQUISITION

Our Talent Acquisition (TA) playbook promotes equitable practices, such as balanced shortlists for gender and nationality, and is designed to create inclusion. We use multiple interviewers and an applicant tracking system that facilitates collaborative decision making on candidates to reduce potential bias in the talent acquisition process. We use online assessments within parts of the organisation to ensure objective selection and we have started a pilot for voluntary diversity data disclosure. Questions are asked on gender (including non-binary) with the ambition to expand this practice with learnings from the pilot to wider diversity strands on a global level.

Additionally, we train our hiring managers and recruiters on bias, and we encourage everyone involved in the interviewing process to consider diverse cultures and backgrounds, and to challenge and mitigate the impact of biases. DE&I is also referenced specifically in our Employee Value Proposition (EVP) and our Career websites.



PERFORMANCE MANAGEMENT

In 2022, we launched a new global system for managing performance, development, talent review and succession planning. Amongst many other benefits, the implementation further supports the tracking of key DE&I metrics, providing us with data on a global and local level to drive the right decisions.

Performance management within the company is based on clear guidelines and playbooks to ensure consistency and objectivity. Objectives are aligned at the beginning of the year together with employees' development plans, with the possibility to focus their development on current or future roles. During the year, we recommend that multiple check-ins take place in addition to the half-yearly check. These involve conversations between the manager and the employee.

The newly implemented performance system means managers can now assess each element of their employees' agreed objectives, values and level of autonomy displayed during the year, making it easier to spot biases and enabling more objectivity in the performance assessment.

To monitor efficiency, we leverage the power of globally available data to report on key KPIs using DE&I lenses. During the evaluation of end-of-year performance data, no significant gender differences were noted when it comes to how our people are rated on performance.

TALENT REVIEW AND SUCCESSION PLANNING

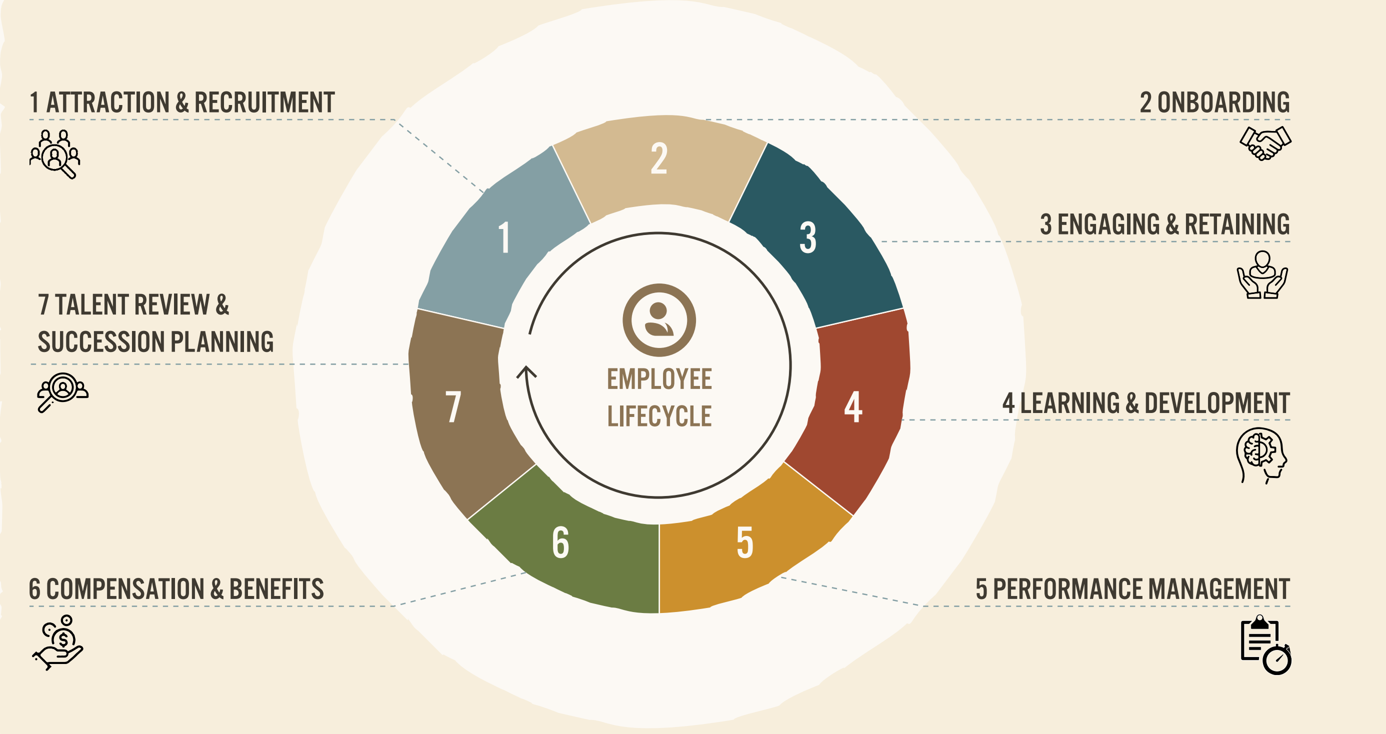
In 2022, we embedded DE&I in our updated Talent Review approach and our Talent Review playbook, building on an existing base that focused on recognising and addressing bias. The process guidelines include KPIs for talent pools, retention, and succession planning, and specifically for gender balance within talent pools. 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.

Training opportunities covering unconscious bias are in place for managers and facilitators and are specifically aligned to the talent development reviews and processes.

During the year, we held the talent review and succession planning cycle online in the newly launched global system, with clear gains made in breaking bias, making data-driven decisions, and focusing on quality people discussions. Having globally available data on this process enabled us to verify our talent pools of successors on diversity KPIs. This enables us to continuously ensure our workforce is represented in the next generation of leaders.

Dedicated training is created and delivered to all talent review and performance calibration facilitators ahead of the annual processes, with standard global communication and training materials cascaded based on the annual approach, including deep dive sections on DE&I. Reminders, tips and training for people managers are embedded in the standard processes.

To ensure there are no significant differences between genders when it comes to how they are hired and developed, and how their performance or potential is assessed, we have a number of global signature processes, guided by standard playbooks. These include relevant and just-in-time training materials, consistent communication materials, and identifying and tracking the right KPIs, all of which highlight DE&I and address potential biases.



BREAKING DOWN POTENTIAL BARRIERS TO WOMEN'S EMPOWERMENT

Reinforcing our commitment to contribute to the United Nations Sustainable Development Goal #5 on Gender Equality, we believe there should be no barriers for women to grow into leadership positions. This means that our ambition is to ensure the representation of women in leadership positions reflects the percentage of women in our total workforce, which on 31 December 2022 was 42.3%.

To achieve this ambition, at the start of 2022 we established a milestone to reach 40% of women in leadership positions by 2025. We are proud that by the end of 2022 we had already exceeded this commitment, with 41% of our leadership positions held by women. This represents an increase of 4.8 percentage points compared to 2021. Even though we have reached our aspiration globally, we will continue to fully align this metric with our total workforce, by focusing on the parts of our business where we see significant opportunities for improvements.

This increase highlights that the actions we have taken, both from a structural and behavioural perspective, are having an impact. Continuously raising awareness on gender bias across the company enables us to organically drive representation towards our ambitions for women in leadership positions. And we have gone further within the talent review process, introducing gender tracking in our systems to ensure decisions are made fairly.

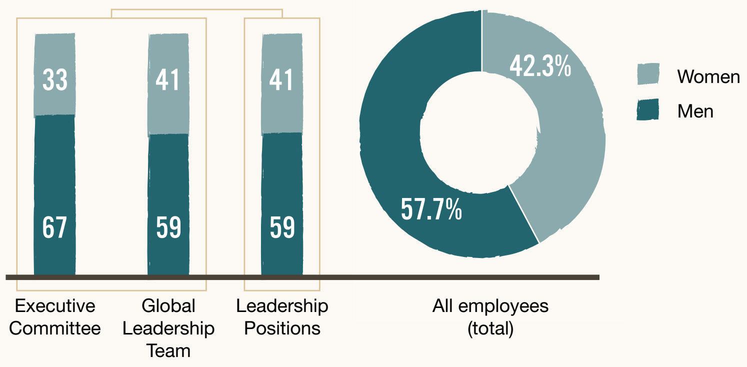
On a local level, our more than 242 global DE&I Champions and Employee Resource Groups members have helped deliver a range of DE&I initiatives, including on gender equality and women's empowerment.

Brazil signed a commitment to the UN's Women's Empowerment Principles in June, which aims to help companies evaluate their practices, projects, and policies related to gender equality. This pledge helps strengthen the local DE&I strategy. As one of our pioneering markets in DE&I, our operations in Brazil have already achieved the goal of achieving gender equality in leadership positions, setting a high standard and example for all other JDE Peet's units.

In Europe, the French market took action to link women's empowerment with our value of entrepreneurship by contributing and sponsoring the GEF (Grandes Ecoles au Feminin) Women Start-Up Event, for the third consecutive year. During this external event, women of all ages, backgrounds and ambitions pitch their own start-up project and benefit from the mentoring and feedback from our own female leaders and employees.

Peet's Coffee in North America increased awareness of women's empowerment by organising a discussion panel in celebration of Women's History Month. The external speakers raised an important topic of pushing through adversity. The initiative was accompanied by the release of the anniversary coffee blend, the profits of which were donated to the Peet's Women's Center for Entrepreneurship in Huila, Colombia. In addition to the work on women's empowerment, the team is promoting increased representation across the board.

Gender ratio



But we also believe women's empowerment needs to go further than representation or raising awareness of gender bias and stereotypes. For example, we are aware that, globally, the gender pay gap persists, with a gender pay gap of 13% in the EU and 23% globally.

At JDE Peet's, we are committed to employees receiving equal pay and treatment for carrying out the same work or work of equal value. To measure the impact of our pay practices, in 2022 we conducted our first gender pay equity analysis across JDE Peet's in collaboration with Mercer, a leading external global HR consultancy in this space. We were pleased the results showed the difference in the pay of men and women is less than 1%, which is well under the future EU directive's threshold of 5% and is at a level which is generally not considered to be a meaningful gap.

This result demonstrates our long-term commitment to fairness and inclusive ecosystems where individual ideas, perspectives and backgrounds are valued equally.

Finally, we would like to reiterate that we do not tolerate discrimination on the basis of gender or any other identity trait. We measured this for the first time through our global employee survey by asking our employees whether they feel respected at work. In 2022, we are proud to report that we reached a score of 4.34 on a scale of 1-5, with no significant difference in the result between men and women overall.

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.

This commitment was measured for the first time through our global employee survey, when we asked employees whether they feel comfortable to be themselves. In 2022, we reached a score of 4.2 on a scale of 1-5, with no significant difference between men and women overall.

On the theme of "Standing Together in Our Differences", we organised a live global event where more than 1,000 employees dialled in to be inspired by a keynote from external speaker Joze Piranian. Joze, a lifelong stutterer, shared his story and highlighted how the challenges he faced due to this condition have made it difficult for him to feel truly included in society.

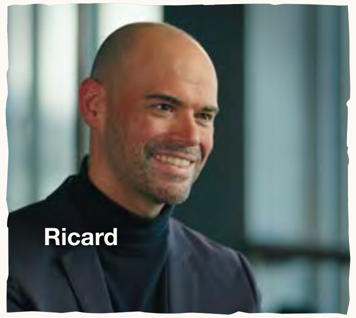
Locally, every market is empowered to define their own priorities by understanding the local social and legal context and identifying the needs of employees.

During the year, the UK market focused on carers and used data collected via a survey and focus groups to create a carers toolkit and a local support group for those who are acting as carers at different locations across the UK.

Singapore provided another great example of local activation with their local Pride Month event, where change makers collaborated with the non-profit organisation Oogachaga to host an awareness session on the topic of LGBTQ+ inclusion and allyship.

In turn, our change makers in Brazil conducted an accessibility assessment in our plant in Jundiai. They also collected survey data and feedback in order to create a plan to build and promote an accessible environment to all on-site employees.

Raising awareness and representation on the topic of race and ethnicity, Peet's Coffee activated AAPI (American Asian and Pacific Islander) Heritage Month an annual celebration month dedicated to recognising the contributions and influence of Asian Americans and Pacific Islander Americans to the history, culture, and achievements of the United States. As a part of this activation, they organised an internal panel discussion around The AAPI Experience where employees from the AAPI Resource Group shared their personal stories of culture and breaking down stereotypes.



WHAT DOES TRUEYOU MEAN TO OUR EMPLOYEES?

Ricard Barri-Valentines, Global Category Director Instant, Amsterdam

For me, TrueYOU is just as simple as being who I am - here, in our Amsterdam headquarters, or anywhere else in the world. And this is really important, because it's only when we are actually ourselves that we can unleash our full potential, maximise our impact and share with those around us the very best we have to offer."

Marisa Penteado, Operations Director, Brazil

TrueYOU is when there are no barriers for anyone to achieve their dreams and goals. It is necessary to ensure that everyone can reach the finish line, even if we didn't all begin from the same starting point."

James Waldner, Peet's Coffee Area Leader, Northern Region, USA

To me, TrueYOU means being authentically and proudly yourself. It means embracing the parts of yourself that really make you unique, so that you can bring your entire self to work."

Alice Prevoo-Baetsen, International Key Account Manager Professional, Amsterdam

I see TrueYOU as being about the shared responsibility, that we all have a role to play. I think the following quote highlights that well: "Diversity is about being invited to the party...and inclusion is about being asked to dance." So let's make sure that everybody feels welcome, safe and empowered enough to get on the the dance floor and to dance like nobody's watching."

Paulo C. Silva, Merchandising Coordinator, Brazil

I truly believe that we all have many things in common if we think about it. TrueYOU means finding out what connects us. This is what helps us become one unified team."

Syafiqah Aziz, Supply Chain Master Data Specialist, Singapore

For me, TrueYOU is about embracing the clash of cultures and backgrounds. While we all share similar values, we all bring something different to the table. Let's make sure we all value each other's perspectives. It might require a bit more from each of us. But… it will make us reach greater heights."

Evert Meindertsma, Chief Supply Officer, Amsterdam

"TrueYOU is a journey. It's about being a better leader or friend, so we can all contribute to a better future. A future where we can be ourselves and embrace everyone."

EXAMPLES OF DE&I INITIATIVES ACROSS THE WORLD

USA
- Release of Anniversary Coffee Blend in celebration of Women History Month

UK
- Creation of a carers toolkit and support group
- Diversity data survey to measure diversity beyond gender and age

NETHERLANDS
- Design of training and standardisation of process to decrease bias in hiring

IHQ
- Creation of a Pride Employee Resource Group
- Roll-out training "Privilege for sale" by DE&I Champions

BELGIUM
- Market survey to identify 5 local DE&I priorities
- Implementation of praying room

FRANCE
- Empowerment of women entrepreneurship (GEF Start Up)
- Breaking down stigma around disability with disability week

THAILAND
- Workshop on everyday inclusion with all MSU employees

BRAZIL
- Signature of UN's Women Empowerment Principles
- Accessibility assessment and survey of Jundiai plant

SINGAPORE
- Raising awareness on LGBTQ allyship with external trainer

MIDDLE EAST AFRICA
- Employee donations of clothing and books to Bambanani for vulnerable people

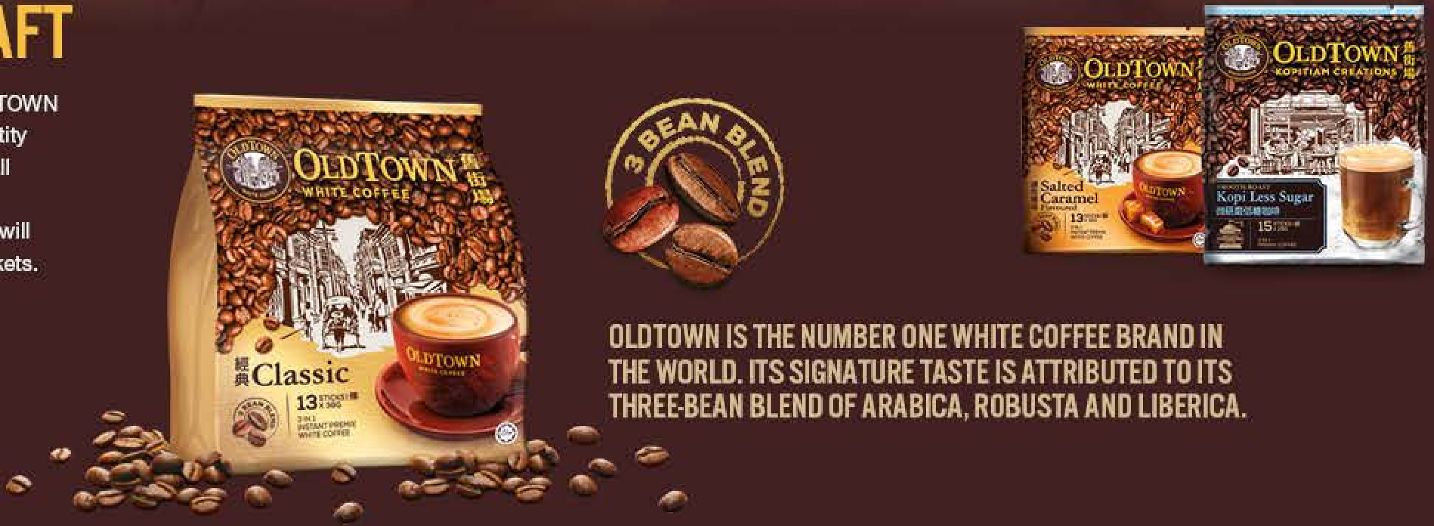
OLDTOWN: WHERE HERITAGE MEETS CRAFT

BRAND HIGHLIGHT

In a fast-paced era, traditional culture and craftsmanship can gradually lose its relevance. OLDTOWN seeks to make Asian food and drink culture relevant in the present world through new innovations coupled with trending flavours.

In 2022, OLDTOWN introduced the new Salted Caramel White Coffee – the first of its kind in Singapore. OLDTOWN also launched the Smooth Roast Less Sugar Kopi which uses microground coffee to recreate the authentic taste of Asian kopitiam coffee.

Together with these Asian innovations, OLDTOWN has relaunched a refreshed and vibrant identity for its retail packs, F&B outlets and across all consumer touchpoints. A large scale brand activation to boost the equity of OLDTOWN will run throughout 2022/2023 in key Asian markets.



OLDTOWN IS THE NUMBER ONE WHITE COFFEE BRAND IN THE WORLD. ITS SIGNATURE TASTE IS ATTRIBUTED TO ITS THREE-BEAN BLEND OF ARABICA, ROBUSTA AND LIBERICA.

ENGAGING OUR COMMUNITIES

HOW OUR PEOPLE ENGAGE WITH COMMUNITIES WITH A BIG HEART

Working in the world's largest pure-play coffee company means having big ambitions, but with big ambitions come big responsibilities. As an organisation that lies at the heart of the coffee world, we lead with clarity and vision to transform outcomes for people and the planet.

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 better future. In 2022, around the world, our employees continued to take action to provide support. Some of their stories are outlined below

Greece: Plant your future

In September, our team in Greece partnered with We4All to proudly plant more than 200 trees and officially become an honoured member of the Earth Protection League. But this is only the beginning! Throughout 2023, another 1,800 trees will be planted on behalf of our team in Greece in areas that suffered from wildfires, and those that need green regeneration.

Norway: A warm cup of coffee for a moment of warmth

As part of our social responsibility strategy in Norway, our team has begun a strategic collaboration with the City Church Mission. In 2022, this included all employees working one day as a volunteer during working hours at a café led by City Church Mission, and sponsoring 900,000 cups of coffee. We believe this is a great way to see the value of a cup of coffee, and how coffee can bring people together.

China: A warm beverage on a cold day

On a winter's day, a hot drink can be especially welcome. Which is why our teams in Wuxi chose to distribute hot beverages and shared warmth on a cold winter's day in January to the underprivileged at Yunlin Street, Wuxi. During the same month, our team also visited the Wuxi Alfu Nursing Home, a local government welfare agency, taking beverages and fruits for the residents.

Australia: Be inspired to make a little difference

During the year, our Moccona brand partnered with socially conscious student designers, to create a sustainability-themed, limited edition collection of recyclable glass coffee jars designed to inspire people to take small steps each day towards a more sustainable world.

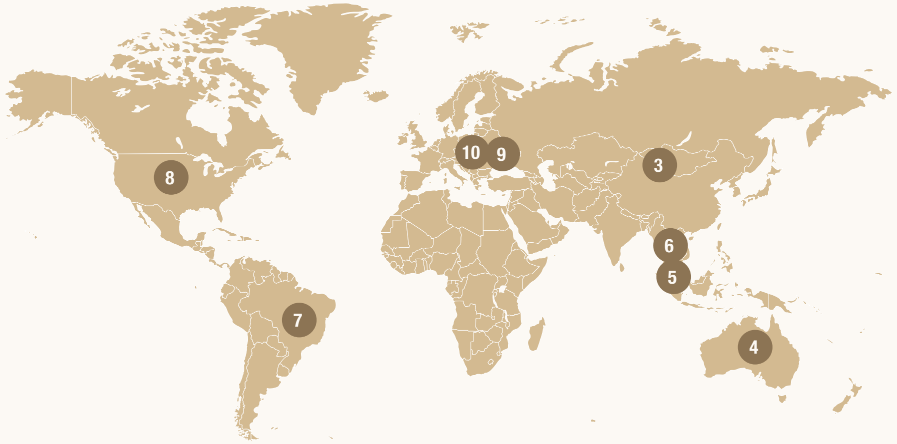
Moccona also donated AUD 100,000 to six sustainability causes related to designs, partnering with influencers who championed the causes in (social) media. The influencers created and shared upcycling ideas and video content showcasing designs, to inspire Australians to make a little difference by upcycling their jars.

Malaysia: Giving light to future generations

In August, the Johor manufacturing team paid a visit to the Pertubuhan Pusat Jagaan Kebajikan Kesayangan Abadi Johor orphanage to bring joy to these underprivileged children by organising in-door games, singing, a colouring contest and lunch. Our teams also helped to do repairs.

Thailand: Lunch for children at Wat Sasongtorn school

In August, the welfare committee of JDE Peet's in Thailand offered to cook and serve lunch for around 100 children at a local school. The aim was to give something back to the local community, and help ease the financial burden of the school.



CONNECTING PEOPLE

7

Brazil: Sustainable Canastra Agenda rewarded

The Sustainable Canastra Agenda project won Brazil's ECO Award 2022, in recognition of its sustainable business practices. The project, launched in Brazil in 2018 in partnership with the Gaia Foundation (NGO) and the municipality of Piumhi City, focuses on environmental education campaigns and implementing a selective (waste) collection service in Piumhi city, where we operate one of our factories. It aims to expand to other cities in the Serra da Canastra region.

So far, the project has disposed of 376 tons of waste, created six permanent jobs, increased income of those involved by 67%, and positively impacted the environment by saving the equivalent of 1,700 litres of oil, 10,700 trees, 145 tons of sand, 730 tons of ore, while avoiding 1.1 million tons of CO^2 emissions.

8

Colombia & USA: Empowering women

Since 2019 we have worked with Mujeres Cafeteras, a group of dedicated women coffee producers who are members of Coocentral, a coffee cooperative located in Huila, Colombia. Women have always been central to coffee farming in Colombia, and this collaboration elevates the critical role women producers occupy.

The project began with a course on entrepreneurship, and over 100 women graduated with a certificate. Since then, the project has provided specialised training on nutrition, food security, and operating small poultry-focused businesses. In the next phase, micro loans will be made available to women producers to help them start additional small businesses.

In the United States, our commitment to equality of opportunity for women is at the heart of our ongoing support of La Cocina, now in its third year. La Cocina is a non-profit kitchen incubator supporting women-of-colour and immigrant food entrepreneurs in San Francisco.

9

Supporting our employees from Ukraine

The war in Ukraine has had a profound impact on our people who work there, are from there, or who have family there. To help support our Ukrainian employees, we have provided financial support, dedicated monthly allowances, and psychological support through the Employee Assistance Programme. Ukrainian employees working outside of Ukraine were provided with 5 days of care leave, so that they could support and accommodate family and loved ones.

We also created a well-being programme for Ukrainian employees, which included a series of webinars from prominent doctors and psychologists on stress resilience, PTSS, communication with employees who are in the army or have returned from the army, how to prevent chronic diseases, and so on. Additionally, we improved our medical insurance programme adding coverage for injuries/recovery (including phycological) connected with military actions, increased coverage of non-standard cases, improved the pregnancy and child insurance programme, and improved the medical screening and prophylaxis programme.

10

Helping Ukrainians from border countries

Alongside the help the company provided to all our Ukrainian employees, there was an incredible response from colleagues along border countries: Poland, Romania, Hungary, Czech Republic, Germany, Slovakia, and Moldova. Teams from JDE Peet's met colleagues, their partners, children, parents and siblings that made it across a border, and then helped them to a place of safety, providing them with accommodation, meals and access to communication so that they could plan their onward journey or take advantage of temporary housing.

In March and April, there were 85 applications for cross-border help to support 66 employees and 172 family members, with the largest number of people fleeing to Poland. Our colleagues from Poland started the "Guardian Angel" programme, with employees in Poland acting as 'buddies' to Ukrainian families, providing them with help and assistance during their stay in the country.

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 consumers and customers expectations. JDE Peet's has established a comprehensive company-wide Quality Management System 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 JDE Peet's Quality Management System is verified annually by an external certification body on FSSC 22000, a programme recognised by the Global Food Safety Initiatives (GFSI). No non-conformances were identified during the 2022 audit.

By year end, 28 (68%) of our internal manufacturing facilities were FSSC 22000 certified, one more than in 2021. In 2022, we integrated external (co)manufacturing facilities as part of our commitment to have 80% of our internal and external manufacturing facilities GFSI-certified by 2025. By the end of 2022, 61 of our external manufacturing facilities were certified against FSSC 22000. Overall, 75% of internal and external manufacturing sites are GFSI-certified.

In addition to this certification, JDE Peet's Quality Auditing team performs internal audits to ensure we bring internal and external practices to the highest level of food safety and quality.

We manage Quality and Food Safety 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.

JDE Peet's anticipates new legislation and emerging risks aided by its partners, suppliers and external scientific institutions and assures implementation of measures to avoid such risks. Should a risk materialise, global recall and crisis procedures are in place to mitigate the impact.

The environment we operate in is changing rapidly. New regulations, supply chain disruption, and potential new food contaminants, means we need to adapt continually to ensure we can provide consumers and customers with the food safety and quality standards they expect and demand. To do so, we embrace new technology and digitalisation to help predict emerging internal and external risk. In 2022:

- We embedded our specification management system globally to access accurate product data information and automate our product label creation to increase the percentage of first time right.
- As part of our continuous improvement programme in our factories, we now have automatic controls for assuring first time right material consumption and more efficient traceability in our strategic sites.
- We completed the implementation of our Supplier Quality Management System, using a tool that strengthens collaboration and information exchange with suppliers, delivering real-time access to supplier quality performance across our supply chain.
- We digitalised our auditing programme, giving us real-time access to non-conformances and their respective correctives and preventive action implementation.

We managed to cut the number of quality and food safety incidents by 50% during the year, and continued to increase consumer satisfaction levels. We did not identify any non-compliance with regulations and/or voluntary codes in 2022.

Looking ahead, we are on track to meet our 2025 targets. We will continue to use digital tools to help us move towards predictive and preventive quality, and will continue our digital journey in quality, food safety and system integration.

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 lifestyle incorporating a balanced diet.

Consumer trends increasingly favour new beverage segments that are more nutritious and which, due to fat and sugar content, may be subject to a range of government measures, including sugar tax, front-of-pack labelling and/or marketing restrictions.

We have developed a Nutrition Policy, which will be launched in the first half of 2023, to grow the business while enabling responsible consumer choices by offering products with a balanced nutritional composition. The policy defines nutritional boundaries (profiles) to guide product development and promote our healthy nutritional heritage.

Our Health & Indulgence programme focuses on improving the nutrition profile of our products, without compromising on their sensory properties. Since 2020, we have worked on product innovation and reformulation across all our markets, as we endeavour to significantly reduce the use of sugar and (saturated) fat in our indulgent products, while also ensuring that all our products fully comply with our Nutrition Policy by 2030.

For example, we are exploring healthy hydration options, developing products with a balanced nutrition profile that can be consumed every day, as well as products with added benefits, such as increased minerals or vitamins. We provide transparent nutrition information and, where applicable, front-of-pack label information, such as Nutrigrade in Singapore, to support consumers in making informed choices. In 2022, we reformulated several products of our OldTown White Coffee range, improving the Nutrigrade score from a 'D' grade to a 'C' grade. Our products were launched on the Singapore market in October 2022.

Our Health & Indulgence programme has helped us mitigate the impact of incoming local restrictions, led by the United Kingdom's HFSS (high in fat, sugar and salt), by improving the nutrition profile of those Tassimo products in scope. Similarly, we have reformulated multiple products in Southeast Asia, for example from our OldTown, Super and Moccona brands, to improve the nutrition profile, while reducing the sugar tax and front-of-pack negative nutritional rating.

In 2022, our Food Compliance department engaged with a broad range of internal stakeholders and externally with trade and industry associations to gain insights into upcoming changes in food regulations, including composition, safety, labelling and sustainability. We are also actively involved in the Institute of Scientific Information on coffee (ISIC), a pre-competitive initiative on the science of coffee in relation to health.

PRODUCT LABELLING

Our quality management system (QMS) ensures that we meet all product labelling requirements across the markets in which we operate. We assess all our products for compliance with national and regional product labelling requirements.

In 2022, we received no significant fines or non-monetary sanctions for non-compliance with laws and regulations concerning product and service information and 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. The regulatory affairs team is responsible for checking and validating all product labelling to ensure compliance with all regional and local legislation.

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. Looking ahead, the introduction of the EU's Farm to Fork Strategy, which aims for a fair, healthy and environmentally-friendly food system, will result in regulation on mandatory front-of-pack labelling, nutrition profiles (restricting claims/advertising of products outside the nutrition profiles), and the revision of the best before date and origin labelling. From 2023 onwards, we will implement new labelling requirements, including front-of-pack nutrition labelling where applicable and end-of-life packaging sorting recommendations.

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.

In 2022, we launched 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 the consumers of our brands. 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.

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 2022, we undertook a number of initiatives to further strengthen the safe and healthy work environment across the company.

We improved our Safety, Health & Environment (SHE) assessment method to help drive progress to an interdependent culture. In April, we replaced the traditional safety day with an entire month of Health and Safety initiatives that were also shared across our Workplace channel. We deployed a Healthy You campaign across our manufacturing sites, embedding well-being as part of Health and Safety activation, with the aim of helping employees focus on the importance of a healthy body, healthy mind and healthy relationships. We also created additional guidance on height hazards and on Slip, Trip, Fall hazards. To ensure that our key standards are accessible to all, we added these to our e-learning platform.

We operate a management system that is ISO 45001 compliant across all our manufacturing sites, and by the end of the year 19 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 or equivalent country-specific tools
- For process risks we use HAZOP
- Machine safety is risk-assessed with the requirements of Use of Work Equipment Directive 2009/104/EC
- Atex risks are assessed in compliance with Directive 2014/34/EU
- For non-routine tasks we use Written Last Minute Risk Assessments, applied for all tasks with a frequency of less than three months.

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.

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 safe or we don't work" is a clear expectation and obligation for all employees's to stop any unsafe activity immediately.

We also work on instilling safe behaviour with both planned and spontaneous safety conversations, which covers a minimum of two planned and two spontaneous safety conversations per employee per month. We use the OSHA 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. We use 4W1H, basic condition check, 6M, 5Why and, to ensure root cause focus, we also use DNV SCAT. All recordable injuries and high-potential near misses are reviewed with 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 for 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 townhalls and meetings.

Throughout the year, we continued to ensure that occupational health services are implemented per country based on local legislation, and occupational health is an integral part of our management system, hazard identification and risk assessments. The strong progress we made on our Health & Safety culture was reflected in our assessment scores. Globally, 47 injuries occurred in 2022. This figure includes Peet's sites, which were excluded from the 2021 figure (43).

Looking ahead, we will focus on further developing our Healthy You programme and health within the organisation, and increasing 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.

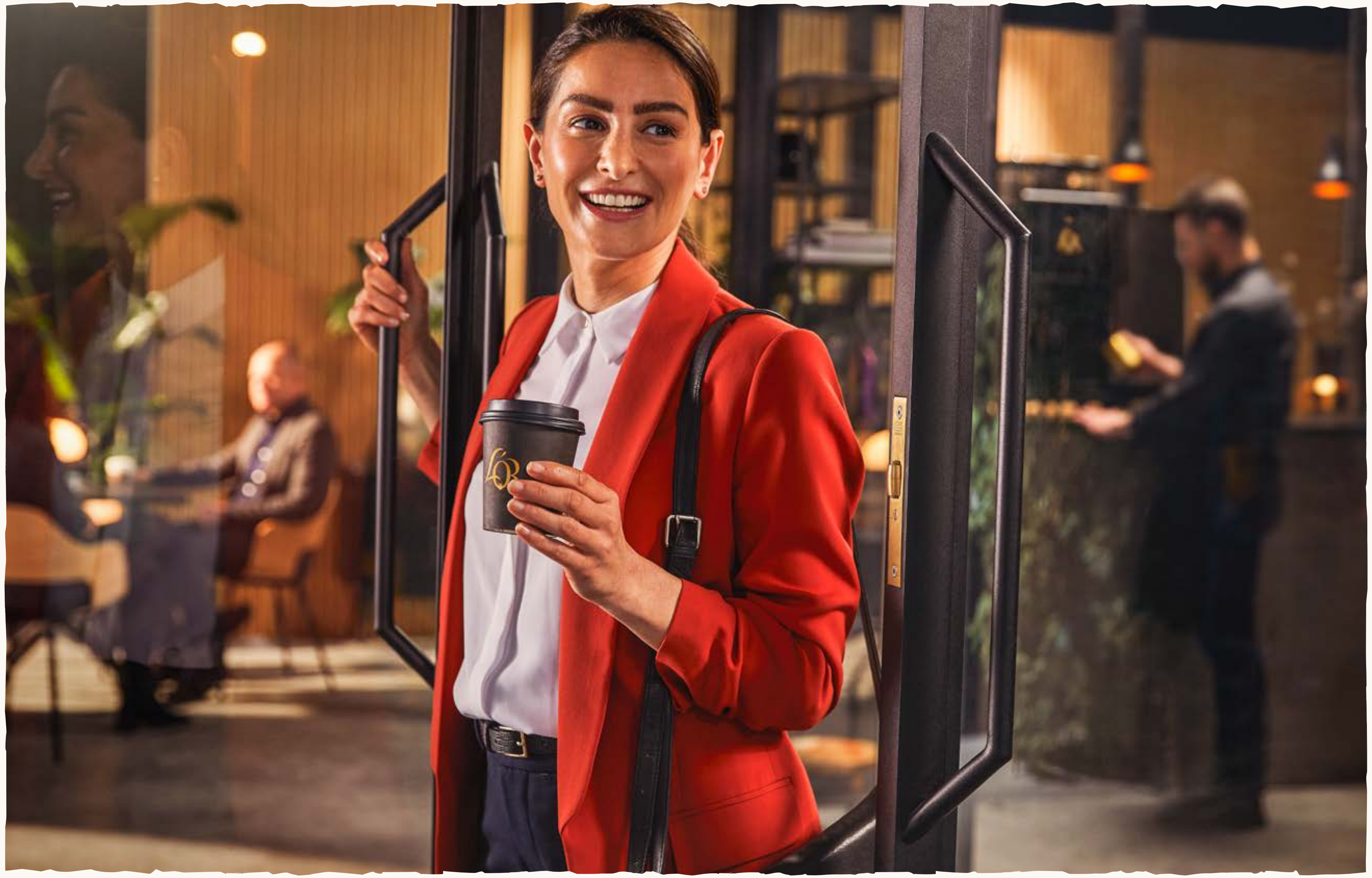
COMPLYING WITH LABOUR LAWS AND REGULATIONS

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 is a movement towards unionisation. The unions have investigated litigation in relation to the applicability of unionisation requirements. We will respect any final judicial outcome of this dispute.

In general, when including employees not covered by collective bargaining agreements, we perform regular benchmarks in order to asses and ensure the right working conditions, and that compensation and social benefits are in line with market trends (sectoral and/or functional).



UNLEASHING PLEASURE THROUGH TASTE AND COFFEE ARTISTRY

BRAND HIGHLIGHT

Since the brand was born in France in 1992, L'OR has been on a journey to bring the finest coffees to the world. In 2016, L'OR transformed the coffee market with high-quality aluminium capsules and exquisite coffee created by a team of passionate Coffee Artists. Responding to coffee drinkers' demand for a high-quality coffee experience at home, L'OR then launched their own coffee machine, the L'OR Barista.

Today, L'OR continues to seduce coffee lovers around the world, delivering layers of flavour and aroma that touch all the senses, for a uniquely engaging coffee experience. 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.

NON-FINANCIAL INFORMATION

OUR APPROACH

JDE Peet's reports on its financial and non-financial performance in a transparent and integrated manner. We are progressing on our sustainability journey, as well as our data quality, process and controls when it comes to non-financial information. In 2022, we engaged Deloitte to provide limited assurance over 10 non-financial KPIs.

REPORTING PERIOD AND SCOPINGS

The non-financial information in this report covers the performance of JDE Peet's for the period from 1 January 2022 up to and including 31 December 2022, 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 9.6 of the Consolidated Financial Statements, including a list of our most significant subsidiaries.

Recently acquired entities, L2M and Campos Coffee, are excluded from the scope of entities for non-financial reporting. They will be included in the non-financial reporting in-line with our implementation roadmap for acquisitions.

For the KPIs selected for limited assurance, any scoping adjustments have been included in the basis of preparation tables. All other scoping adjustments are included in the Overview of our non-financial information section below.

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 the following manufacturing facilities:

Country	Number of manufacturing facilities
Australia	2
Brazil	3
Bulgaria	1
China	2
Czech Republic	1
France	2
Germany	3
Greece	1
Kazakhstan	1
Malaysia	2
Morocco	1
Myanmar	1
Netherlands	2
New Zealand	1
Norway	1
Poland	1
Russia	1
Spain	1
Sweden	1
Thailand	1
Turkey	6
Ukraine	1
United Kingdom	1
United States	6

LIMITED ASSURANCE ON SELECTED NON-FINANCIAL KPIS

As a next step in our sustainability journey, Deloitte provides limited assurance over 10 non-financial KPIs, which we consider the 10 most relevant non-financial KPIs for JDE Peet's. These KPIs were selected based on the most material topics identified in our materiality assessment as being important to stakeholders, KPIs which are linked to our loan agreement, and the KPIs considered the most important for the newly launched internal 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, (iv) packaging designed to be reusable, recyclable or compostable and (v) share of the science-based GHG emission reduction target (Scope 1 & 2) for 2030 to abate in each year, are included in a Loan Facilities Agreement entered into with our core banks and linked to the applicable interest rate. JDE Peet's' 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 note 5.2 - 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), Sustainability Context (more information can be found in the External trends section of this report) and in the Our performance section of this report).

DATA QUALITY

To ensure data quality, a data collection process for non-financial information has been implemented. We performed an internal review of our existing KPIs and for the KPIs in scope for limited assurance in 2022.

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.

Certain non-financial KPIs disclosed in this annual report may include assumptions and estimates as definitions and availability of (quality) data may be less mature in some cases. For these KPIs, these assumptions and estimates can be found in the footnotes. To keep improving the accuracy of our data, where applicable, we have increased the use of third-party verified information as input for our calculations.

Changes in legislation, new revolutionary ideas and technologies are developing and JDE Peet's will continue to evaluate these changes and adapt to new realities when needed.

In 2022, we started the implementation of the JDE Peet's non-financial internal control framework, using the KPIs for limited assurance to define the first scope. We aim to increase the number of KPIs to be included in our internal control framework and limited assurance in 2023.

BASIS OF PREPARATION

The table below sets out the basis of preparation for the KPIs selected for limited assurance:

SUSTAINABLE SOURCING

KPI	Definition	Scope	Calculation	Baseline year	Reference
% 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, without limitation, 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
% of responsibly sourced tea	Responsibly sourced tea (camellia sinensis) and Rooibos refers to the tea (processed tea from sensitive origin) and Rooibos (Aspalathus linearis) 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.	All consolidated JDE Peet's entities	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
% of responsibly sourced palm oil	Direct responsibly sourced palm oil refers to the purchased palm oil with the 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
# of smallholder farmers reached	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 3rd 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 new smallholder farmers reached for given calendar year and total as all smallholder farmers reached since 2015.	n/a	Overview of non-financial KPIs - Responsible sourcing

MINIMISING FOOTPRINT

KPI	Definition	Scope	Calculation	Baseline year	Reference
% 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 as material which can be processed in organic waste streams.	All consolidated JDE Peet's entities, apart from a small portfolio of entities contributing to less than 3% of total revenue and less than 5% of packaging volumes	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
% 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
% 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 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 m^3/ton)	2020	Overview of non-financial KPIs - Minimising footprint
# of zero-waste-to-landfill manufacturing sites	Zero-waste-to-landfill is where waste intensity (kg/t) is disposed less than 1% of waste-to-landfill intensity (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 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

CONNECTING PEOPLE

KPI	Definition	Scope	Calculation	Baseline year	Reference
% 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 3% of total revenue and 16% 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
% of manufac-turing sites with food-safety certifi-cations	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

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 (EU IFRS). 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). A TCFD 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.

OVERVIEW OF OUR NON-FINANCIAL INFORMATION

RESPONSIBLE SOURCING

	2022	2021	2020
Responsibly sourced raw materials purchases			
Coffee	77%	30%	21%
Tea	27%	32%	100%
Palm oil	100%	72%	11%
Smallholder engagement			
Smallholder farmers reached	590,000	470,000	300,00
No. of active projects	61	50+	30
Active projects in no. of origins	22	18	15
Animal Welfare - 'Cage-free' eggs			
Cage-free' eggs (direct) purchased	3%	*	

* No KPI was disclosed for prior years due to lack of data availability for these periods

MINIMISING FOOTPRINT

	2022	2021	2020
Environmental Management System			
Total number of manufacturing facilities	43[31]	43	44
Manufacturing facilities certified against ISO 14001	22	20	18
GHG emissions			
Total Scope 1& 2 GHG emissions (market based, tCO_2e)	456,951	515,869	534,804
Total Scope 1, 2 & 3 GHG emissions (market based, tCO_2e)	4,594,579	4,584,893	4,724,696
Total GHG intensity (in tCO_2e/t of production)	6.6	6.2	6.9
Scope 1: Direct emissions (tCO_2e)	346,139	375,716	378,970
Scope 2: Indirect emissions, purchased energy			
- Location based	161,240	164,369	173,982
- Market based	110,811	140,153	155,834
Scope 3: Indirect emissions, value chain (tCO_2e)			
- Scope 3.1: Purchased goods & services	3,433,668	3,335,784	3,447,918
- Scope 3.2: Capital goods	130,901	136,323	131,177
- Scope 3.3: Fuel and energy-related activities	105,809	113,034	117,901
- Scope 3.4: Upstream transportation and distribution	150,340	160,466	176,758
- Scope 3.5: Waste generated in operations	1,409	1,277	2,698
- Scope 3.6: Business travel	10,129	4,484	3,305
- Scope 3.7: Employee commuting	9,623	9,658	9,044
- Scope 3.9: Downstream transportation and	39,092	40,576	37,995
- Scope 3.11: Use of sold products	20,843	22,504	15,779
- Scope 3.12: End-of-life treatment of sold products	230,017	239,923	240,234
- Scope 3.14: Franchises	5,797	4,996	7,083
Scope 1 & 2 GHG emissions reductions from a 2020	(15)%	*	*
Scope 3 GHG emissions reductions from a 2020 base	(1)%	*	*

31 Two of the manufacturing facilities were recent acquisitions and therefore out of scope.

OVERVIEW OF OUR NON-FINANCIAL INFORMATION

	2022	2021	2020
Energy			
Total energy consumption within the organisation (in PJ)	8.8	9.2	9.0
Total energy intensity (in GJ/t of production)	12,6	12,5	13,2
Total direct fuel consumption within the organisation (in PJ)	7.2	7.5	7.4
- Direct non-renewable fuel consumption (in PJ)	5.9	6.3	6.4
- From natural gas	90%	90%	90%
- From coal	4%	4%	5%
- From other energy sources	6%	6%	5%
Direct renewable fuel consumption (in PJ)	1,3	1,2	1,0
Direct renewable fuel consumption (in %)	18%	15%	13%
Total electricity purchases (in PJ)	1,3	1,3	1,3
- Thereof from renewable sources (in %)	50%	17%	3%
Total third-party heat & steam purchases (in PJ)	0.4	0.4	0.4
Total direct and indirect energy from renewable sources (in PJ)	1,9	1,4	1,0
Total direct and indirect energy from renewable sources (in %)	22%	15%	11%
Packaging			
Total packaging volume (in kt)	248.90	258.13	251.13
- Glass	109.37	116.92	120.05
- Paper & cardboard	84.41	81.07	74.69
- Bioplastic plastics	1.15	1.33	0.97
- Combined plastics	22.97	24.29	22.62
- Aluminium	5.44	5.71	5.21
- High density polyetheylene (HDPE)	0.07	0.07	0.11
- Low density polyetheylene (LDPE)	2.28	2.84	2.72
- Polyethelyene Terephahalate (PET)	0.42	0.35	0.46
- Polyproplyene (PP)	19.83	22.49	21.23
- Polystyrene (PS)	0.17	0.13	0.08
- Steel	0.88	1.02	0.95
- Textile	0.03	0.03	0.03
- Other	0.32	0.25	0.24

	2022	2021	2020
Progress against our sustainable packaging 2025 targets			
Design 100% of our packaging to be reusable, recyclable or compostable	78%	77%	77%
Use 35% recycled content in our packaging	32%[32]	25%	24%
Manufacturing waste			
Zero waste-to-landfill sites	22	20	17
Waste to landfill	1,4%	<1%	1,6%
Waste diverted from disposal (%)	91%	89%	89%
Total waste generated (metric tonnes)	107,988	113,824	134,541
% Non-hazardous waste	99.4%	99.3%	99.8%
% Hazardous waste	0.6%	0.7%	0.2%
Waste intensity (t/t of production)	0.15	0.15	0.2
Water in manufacturing			
Total withdrawal (million cubic meters)	6.90	7.1	7.2
% withdrawal, municipal	77%	77%	77%
% withdrawal, groundwater	23%	23%	23%
% withdrawal, surface water	<0.01%	<0.01%	<0.01%
Manufacturing facilities in water-stressed areas	12	13	15
Withdrawal in water-stressed areas (million cubic meters)	2.2%	2.3	2.5
% withdrawal, municipal	99%	98%	99%
% withdrawal, groundwater	1%	2%	1%
% withdrawal, surface water	0%	0%	0%
Water intensity (cubic meter per tonne of production)	9.9	9.7	10.5

* No KPI was disclosed for prior years due to lack of data availability for these periods

32 It includes supplier verified data (no industry averages applied as in 2021 and 2020).

CONNECTING PEOPLE

	2022	2021	2020
Our workforce as at 31 December			
No. of employees[33]	20,710	21,027	20,231
% Permanent	95.3%	93.3%	93.0%
% Temporary	4.7%	6.7%	7.0%
% Full-time	79.1%	79.6%	81.3%
% Part-time	20.9%	20.4%	18.7%
No. of external contractors[34]	3,001	3,275	3,098
New hires in the year	32.1%	30.4%	16.8%
Internal fill rate - Global Leadership Team	52.8%	*	*
Internal fill rate - All employees (Total)	26.7%	*	*
Turnover rate	32.3%	32.4%	25.2%
Share of women as at 31 December[35]			
Non-executive Directors	38.5%	23.1%	23.1%
Leadership positions	41.0%	36.2%	*
Executive Committee	33.3%	25.0%	36.4%
Global Leadership Team	41.2%	36.7%	35.5%
People Managers	37.9%	*	*
All other employees	43.0%	43.0%	41.7%
All employees (Total)	42.3%	*	*
Nationalities as at 31 December			
Non-executive Directors	8	10	10
Executive Committee	8	8	8
Global Leadership Team	34	34	35
All employees (Total)	96	93	89
Engagement			
Engagement survey participation rate[36]	83%	88%	*
Associate Workplace Experience Indicator[37]	75%	*	*

33 Employees of all consolidated entities of JDE Peet's have been included, with no significant difference year on year.
34 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.
35 Excludes employees that indicated their gender as "undisclosed", which represents 0.37% of the total workforce.
36 Differ to general scoping exclusion below, additional entities are included, 11% of employees are excluded.

	2022	2021	2020
Talent			
Average training hours per employee	22.7	12	*
Average spent for training per employee[38]	€291.03	*	*
Average spent for recruitment per employee[39]	€820.55	*	*
% of employees receiving regular performance and career development reviews	86.1%	*	*
Collective bargaining			
People covered by collective bargaining agreements	34.0%	34.0%	33.0%
Food safety and quality			
Internal Manufacturing facilities with FSSC 22000 certification or equivalent	28	27	23
External Manufacturing facilities with FSSC 22000 certification or equivalent	61	*	*
Manufacturing facilities with FSSC 22000 certification or equivalent (%)	75%	63%	52%
Occupational health & safety			
Total Recordable Incidents Rate (TRIR)	0.46	0.56	0.61
Workplace fatalities	0	0	0
Manufacturing facilities with ISO 45001 certification	19	17	17

* No KPI was disclosed for prior years due to lack of data availability for these periods

37 This number represents the percentage of employees who awarded a 4 or 5 (max 5) to the specific engagement survey questions. Differ to general scoping exclusion below, additional entities are included, 11% of employees are excluded.
38 The scoping exclusion below does not apply to these KPIs.
39 The scoping exclusion below does not apply to these KPIs.

OVERVIEW OF OUR NON-FINANCIAL INFORMATION

Gender diversity - Additional data (%)	Women	Men
Junior People Managers	37.4%	62.6%
People Managers Revenue Generating Functions[40]	38.1%	61.9%
All employees STEM[41]	54.9%	45.1%

Baby Boomers (1946-1964)

Generations (%)	Baby Boomers (1946-1964)	Generation X (1965-1980)	Generation Y (1981-1996)	Generation Z (1997-2012)
Executive Committee	—%	100%	—%	—%
Global Leadership Team	11.0%	72.2%	16.8%	—%
All employees (Total)	7.3%	31.0%	43.5%	18.1%

As at 31 December 2022		Gender					Region
Human capital (Headcount)	Women	Men	Europe	LARMEA	APAC	Peet's	Total
Number of employees	7,366	10,028	6,727	1,753	4,559	4,355	17,394
Number of permanent employees	6,967	9,612	6,308	1,707	4,312	4,252	16,579
Number of temporary employees	399	416	419	46	247	103	815
Number of full-time employees	5,030	8,732	6,140	1,742	4,469	1,411	13,762
Number of part-time employees	2,336	1,296	587	11	90	2,944	3,632

40 All employees holding Sales & Marketing functions.
41 All employees holding R&D functions.

OVERVIEW OF OUR NON-FINANCIAL INFORMATION

	Turnover rate (%)	2022 Voluntary turnover rate (%)	Involuntary turnover rate (%)
Gender			
Women	40.3%	32.6%	7.7%
Men	26.4%	17.7%	8.7%
Generations			
Baby Boomers (1946-1964)	20.1%	7.7%	12.4%
Generation X (1965-1980)	13.3%	7.3%	6.0%
Generation Y (1981-1996)	28.8%	20.6%	8.2%
Generation Z (1997-2012)	80.8%	69.9%	10.9%
Region			
APAC	27.1%	15.4%	11.7%
Europe	15.4%	8.5%	6.9%
LARMEA	17.1%	7.2%	9.9%
Peet's	70.6%	64.3%	6.3%

	2022 Hires (Headcount)
Gender	
Women	3,000
Men	2,584
Generations	
Baby Boomers (1946-1964)	87
Generation X (1965-1980)	543
Generation Y (1981-1996)	1,974
Generation Z (1997-2012)	2,957
Unspecified	23
Region	
APAC	1,264
Europe	976
LARMEA	218
Peet's	3,126
Total	**5,584**

Scoping adjustment for Connecting People KPIs:
All consolidated entities of JDE Peet's, apart from a small portfolio of entities contributing 3% of total revenue and approximately 16% of total employees have been excluded. 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 2022 we took significant 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 during 2022:

OVERVIEW OF OUR NON-FINANCIAL INFORMATION

	Change in methodology	Impact of restatement
Minimising footprint		
Scope 1: Direct emissions (tCO_2e)	Base year has been restated to include acquisitions in 2020 comparative information.	Previously reported 2020 base year was 378,987.
Scope 2: Indirect emissions, purchased energy - market based	Base year has been restated to include acquisitions in 2020 comparative information. Emission factors have been updated to most recent DEFRA / IEA factors (including 2020 and 2021 data).	Previously reported 2020 base year was location based: 181,355 and marked based: 161,402.
Scope 3.1: Purchased goods & services	Green coffee emissions were historically reported based on the World Food LCA database. During 2022 this was changed to information provided by Enveritas. Dairy emissions have been updated for biogenic carbon emissions previously not included. Packaging usage analysis has been updated for detailed specifications by sales unit. Base year has been restated to include acquisitions in 2020 comparative information.	Green coffee emissions are restated to 2.19 Mt CO_2e in 2020 and 2.10 Mt CO_2e in 2021, previously stated as 4.59 Mt CO_2e in 2020 and 4.27 Mt CO_2e in 2021. Other raw materials emissions (including dairy) are restated to 0.53 Mt CO_2e in 2020 and 0.47 Mt CO_2e in 2021, previously stated as 0.48 Mt CO_2e in 2020 and 0.41 Mt CO_2e in 2021. Packaging emissions are restated to 0.38 Mt CO_2e in 2020 and 0.39 Mt CO_2e in 2021, previously stated as 0.49 Mt CO_2e in 2020 and 0.51 Mt CO_2e in 2021. JM Smuckers insourcing is estimated as 0.6% increase of 2020 emissions.
Scope 3.12: End-of-life treatment of sold products	Methodology updated to include biogenic methane emissions from disposal.	End-of-life treatment methodology update is estimated as 3% increase of 2020 and 2021 emissions.
Total packaging volume (in kt)	Change in methodology, where sales volumes are used as the basis and packaging materials are calculated out of the Bill of Materials.	New methodology covers 100% of the business, instead of roughly 70% in previous years. Increased intensity in an equal amount for all reporting years by approximately 12%.
Intensity indicators: • Total GHG intensity • Total energy intensity • Waste intensity • Water intensity	Production volumes have been restated using consolidated production volumes of finished goods versus site operational data (used to monitor our sites performance).	Increased intensity in an equal amount for all reporting years by approximately 12%.
Connecting people		
Number of employees	Recent acquisitions excluded from the scope in prior years were now included.	Number of employees increased by 1,406 in 2021 and 900 in 2020.
Share of women - Executive committee	Correction in calculation of 2021.	The share of women in the executive committee is restated to 25.0% for 2021, previously stated as 27.3%.
Total Recordable Incidents Rate (TRIR)	In previous years US based manufacturing facilities were excluded from the scope of this KPI. As of 2022 US based manufacturing facilities have been included.	The TRIR excluding US based manufacturing facilities for 2022 was 0.36.
Manufacturing facilities with FSSC 22000 certification or equivalent (%)	Methodology was adjusted to include external manufacturing facilities.	The internal manufacturing facilities for 2022 was 28.

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. The EU Green Deal is a roadmap towards this goal and consists of multiple plans and actions.

One of the parts of the EU Green Deal is a classification system called EU Taxonomy. The EU Taxonomy plays a significant role in the EU Green Deal with the objective of financing the transition and redirecting capital flows towards a more sustainable economy. The regulation currently prioritises activities with a large share of overall emissions and reduction potential, focussing on the energy, transportation, buildings and selected manufacturing sectors.

Within the EU Taxonomy, the following six environ-mental 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 to these objectives. 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. In the end, the descriptions of the activities included in the Taxonomy are leading to determine if a company's economic activities classify as eligible and/or aligned.

Once the economic activity is determined to be eligible, companies should assess the proportion of their economic activities that is aligned with the requirements set out to this activity. Alignment can be achieved if the economic activities meet the predefined Technical Screening Criteria (TSC) defined for per activity, Do No Significant Harm (DNSH) to the remaining EU Taxonomy objectives, and complies to the Minimum Social 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

In this section, we report on our eligibility and alignment for Climate Change Mitigation and Climate Change Adaptation in accordance with Art.8 Taxonomy Regulation and Art. 10 (2) of the Art. 8 Delegated Act.

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 4,200 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 the context of the EU Taxonomy, JDE Peet's has identified its economic activities as:

- Manufacturer of food products and beverages as JDE Peet's produces, packs, distributes and sells coffee and tea
- Product-as-a-service and other circular use- and result-oriented service models' as JDE Peet's sells and leases coffee machines to customers.

DESCRIPTION OF KPIS

JDE Peet's defines its Key Performance Indicators (KPIs) as determined in accordance with Annex I of the Art. 8 Delegated Act 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 in the Consolidated Financial Statements.

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 IFRS in note 3.2 and 3.4 in 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 Consolidated Financial Statements notes. 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 the part of Capex that is any of the following:

1. Related to assets or processes that are associated with Taxonomy-eligible activities
2. Part of a plan to expand Taxonomy-eligible activities
3. Related to the output of Taxonomy-aligned, enabling, or transitional activities as well as activities related to the installation, renovation, and repair of buildings or renewable energy solutions.

Total Capex (denominator) consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation and any re-measurements. Additions resulting from business combinations are also included.

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.in the Consolidated Financial Statements. In general, the EU Taxonomy excludes from its numerator expenditures relating to the day-to-day operation of property, plant and equipment such as raw materials, costs of employees operating the machine nor electricity or fluids that are necessary to operate the property, plant and equipment and direct costs for training and other human resources adaptation needs.

Definition of Opex KPI: The Opex KPI is defined as Taxonomy-eligible Opex (numerator) divided by JDE Peet's total Opex (denominator). Taxonomy-eligible Opex (numerator) is defined as Opex that is any of the following:

1. Related to assets or processes that are associated with Taxonomy-eligible activities
2. Part of a plan to expand Taxonomy-eligible activities
3. Related to the output of Taxonomy-aligned, enabling, or transitional activities as well as renovating activities

Total Opex (denominator) as defined under the EU taxonomy consists of direct non-capitalised costs that relate to building renovation measures, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that were determined based on the maintenance and repair costs allocated to the Groups internal cost centres.

Development in performance of the KPIs

We refer to the Financial Performance section in this report for the analysis with respect to the developments in Turnover, Capex and Opex in 2022.

Eligible objectives

Currently, the EU Taxonomy requires companies to report their eligibility towards the climate change mitigation and climate change adaptation objective.

The EU Taxonomy focuses on those economic activities and sectors that have the greatest potential contribution to the objective of six environmental objectives. JDE Peet's has analysed and reviewed all Taxonomy-eligible economic activities listed under the climate change mitigation and climate change adaptation objective and concluded that JDE Peet's has no economic activities that are eligible for these objectives.

JDE Peet's has already taken a proactive approach to looking into its eligibility against the other four draft environmental objectives (water, pollution, circular economy and biodiversity) and determined that our activities are eligible for some of the objectives based on the draft publications. We will await further guidance from the EU Commission before fully disclosing our eligibility against these remaining four environmental objectives.

Alignment objectives

The EU Taxonomy prescribes companies to report their alignment regarding the objectives of climate change mitigation and climate change adaptation.

Since JDE Peet's is not eligible for these objectives, there is also no alignment on these objectives.

Reporting on KPIs[42]

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

	Total	Total	Proportion of Taxonomy-eligible economic activities		Proportion of Taxonomy-non-eligible economic activities		Proportion of Taxonomy-aligned economic activities		Proportion of Taxonomy-non-aligned economic activities	
IN EUR	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues	8,151	7,001	-%	-%	100%	100%	-%	-%	100%	100%
Capex[43]	375	299	-%	-%	100%	100%	-%	-%	100%	100%
Opex	266	190	-%	-%	100%	100%	-%	-%	100%	100%

42 The table above is a simplified version of the tables presented in Annex II of Regulation (EU) 2020/8522021/2178, which provide a template for disclosing the KPIs for non-financial undertakings. Our choice for this simplified tables is twofold. First, eligibility and alignment is zero for the environmental objectives Climate Change Mitigation and Climate Change Adaptation, and second, eligibility and alignment for the remaining four environmental objectives has not been calculated yet and is not compulsory for this financial year. Do no significant harm (DNSH) and minimum safeguards are therefore unnecessary to report on, which does not necessitate the full tables to be used as they do not have any surplus value and might distract from the information stakeholders might be looking for. The tables above contain all the required information to indicate JDE Peet's eligibility and alignment for its economic activities.

43 Note that Capex investments to limit climate change risks are planned for in future years, however as the activities of JDE Peet's are not eligible for the climate change mitigation and climate change adaptation objective, a 0% eligibility is reported. More information on the estimated investments to reduce the climate change risks can be found in the Climate-rated risks and opportunities section and note 3.3 of the Consolidated Financial Statements of this report.

COMPLIANCE WITH EU REGULATION

Assessment of compliance with Regulation (EU) 2020/852

A precise definition is provided per activity included in any of the annexes of the EU Taxonomy, 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 Delegated Acts published by the EU Commission on 4 June and 6 July 2021
- Two draft commission notices published by the European Commission on 19 December 2022.

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 on 6 October and 19 December 2022.

We have acted in good conscience and have rigorously followed the scope in the definitions provided by the delegated acts, the documents provided by the Platform on Sustainable Finance on the other four environmental objectives, 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 the following reporting years.

GOVERNANCE

OUR BOARD OF DIRECTORS

Our company has a one tier-board which means that 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 long-term value creation. Each Director owes a duty to the company to act in the company's corporate interest and the enterprise connected with the company, taking into consideration the overall well-being of the enterprise and the interests of all its stakeholders. More information about the responsibilities and functioning of the Board can be found in the Board Rules available on the company's website.

EXECUTIVE DIRECTOR

FABIEN SIMON

French (1971)

Executive Director and CEO
2020 first appointment

Prior to becoming CEO, Fabien Simon was a non-executive Director of the company and a Partner at JAB. He was responsible for leading the successful IPO of the company on the Euronext Amsterdam stock exchange in May 2020. Mr. Simon also currently serves as Chairman of NVA Management LLC. Between August 2014 and January 2019, he was the Chief Financial Officer of JDE, during which time he led its M&A strategy and multiple large-scale integrations. Prior to joining JDE, Mr. Simon spent 13 years at Mars, Incorporated, holding leadership roles, including Asia-Pacific Corporate Staff, Vice President and Chief Financial Officer of Petcare Europe. Mr. Simon also spent eight years at Valeo in a variety of leadership roles.

CHAIRMAN OF THE BOARD

OLIVIER GOUDET

French (1964)

Non-executive Director and Chairman of the Board
Non-independent
2020 first appointment

Olivier Goudet is the CEO and a Managing Partner at JAB, a position he has held since 2012. Mr. Goudet started his professional career in 1990 at Mars, Incorporated. After six years, Mr. Goudet left Mars to join Valeo. In 1998, he returned to Mars, where he became CFO in 2004. In 2008, his role was broadened to become the Executive Vice President as well as Group CFO.

Previously, Mr. Goudet served as an adviser to the board of directors of Mars and as the Chair of the board of Anheuser-Busch InBev SA/NV. He is also currently a member of the board of directors of Keurig Dr Pepper and Coty.

NON-EXECUTIVE DIRECTORS

PETER HARF

German (1946)

Non-executive Director and member of the Remuneration, Selection and Appointment Committee
Non-independent
2020 first appointment

Peter Harf is the Chair and a Managing Partner at JAB. He is also the Chair of the board of directors of Coty and a member of the board of directors of Keurig Dr Pepper. Mr. Harf is co-founder and executive Chair of Delete Blood Cancer DKMS, a foundation dedicated to finding donors for leukaemia patients. Previously, he served as Chair of Anheuser-Busch InBev SA/NV, Deputy Chair of Reckitt Benckiser and Chief Executive Officer of Coty. Prior to joining JAB, Mr. Harf was Senior Vice President of Corporate Planning at AEG-Telefunken, Frankfurt, Germany. Peter began his career at the Boston Consulting Group.

JOACHIM CREUS

Belgian (1976)

Non-executive Director
Non-independent
2020 first appointment

Joachim Creus is the Vice Chairman and a Managing Partner at JAB, having joined JAB in 2010. He has also held various other executive officer roles at several JAB Holding entities. Mr. Creus is currently a member of the board of directors of Coty. Previously, Mr. Creus held various legal- and tax-related positions.

DENIS HENNEQUIN

French (1958)

Non-executive Director and member of the Remuneration, Selection and Appointment Committee
Independent
2020 first appointment

Denis Hennequin is the founding partner of French Food Capital and a founder of The Green Jersey consulting firm. From 2014 to 2016, Mr. Hennequin was a partner for Cojean Limited. He began his career at McDonald's in Paris and advanced through the organisation to be named President and Managing Director of McDonald's France. Mr. Hennequin was subsequently appointed as the first non-American to serve as president of McDonald's Europe. In 2009, Mr. Hennequin joined the Accor SA board of directors as an independent director and became chairman and CEO of Accor SA in December 2010, which he held until 2013. He served on the boards of directors of John Lewis Partnership plc, SSP Group plc. and Eurostar International Limited. Mr. Hennequin currently serves as Chair of the board of KellyDeli Company Limited and of Picard Surgeles SAS, and Chair of the remuneration committee of Bakkavör Group plc; he is vice-chairman of the board of Pret A Manger (through Pret Holding 1 Limited) and also serves on the board of Espresso House.

STUART MACFARLANE

British (1967)

Non-executive Director and Chair of the Audit Committee
Independent
2020 first appointment

Stuart MacFarlane joined the Whitbread Beer Company in 1992, which was later acquired by Interbrew SA/NV and, subsequently, Anheuser-Busch InBev SA/NV. At Anheuser-Busch InBev SA/NV, Mr. MacFarlane held various senior roles throughout his career and, from 2003, he held his first General Management role as Managing Director, Ireland. He was appointed President of AB InBev UK and Ireland in 2008 and in 2011 joined the Global Executive Board, serving as President, Central and Eastern Europe based in Moscow. Mr. MacFarlane most recently served as Anheuser-Busch InBev's President, Europe and Middle East from 2014 to 2019. He is currently a non-executive director of NOMAD Foods Europe Limited, where he is also a member of the Audit Committee and Compensation Committee.

OUR BOARD OF DIRECTORS

ANA GARCÍA FAU

Spanish (1968)

Non-executive Director and member of the Audit Committee, Board Sustainability Contact
Independent
2022 first appointment

Ana García Fau is currently a non-Executive director at Merlin Properties SA (Spain), Gestamp Automation SA (Spain) and Celinex Telecom (Spain). She is also non-executive Chairperson and Chair of the Remuneration Committee at Finerge SA (Portugal) and non-executive director and a member of the Audit and Risk Committee at Globalvia (Spain). Additionally, she is a member of advisory boards at Swiss bank Pictet (Iberia), Salesforce (EMEA), DLA Piper and the McKinsey Alumni Council (Spain).

Between 2006 and 2014, Ms. García Fau was CEO of Yell for the Spanish and Latin American businesses, before expanding her role to the US Hispanic market. Previously, between 1997 and 2006, she served as Chief Corporate Development Officer and CFO of TPI (Yellow Pages & Digital businesses) at the Telefónica Group. Between 2015 and 2022, Ms. García Fau served on the Board of Eutelsat Communications SA (France), where she was also a member of Audit and Risk Committee.

PAULA LINDENBERG

Brazilian (1975)

Non-executive Director
Independent
2022 first appointment

Paula Lindenberg is a Managing Director of Diageo in Brazil, Paraguay and Brazilian Uruguay since January 2022. During her career, Ms. Paula Lindenberg gained experience across several consumer goods companies including Unilever, Johnson & Johnson and AB Inbev. Her background in marketing with AB Inbev has spanned multiple brand and category leadership roles in Brazil, before moving to New York to lead Global Insights. Following this, Paula returned to Brazil as Chief Marketing Officer of AB Inbev. In 2019, she became a President of AB Inbev for the UK, Ireland and Spain. In this role, Ms. Lindenberg has developed and implemented a growth strategy which has driven growth of key brands, as well as investments through M&A and partnerships. She also led a team of more than 1000 employees across these three geographies with a focus on the engagement, growth and development of strong and diverse talent.

AILEEN RICHARDS

British (1959)

Non-executive Director and Chair of the Remuneration, Selection and Appointment Committee
Independent
2020 first appointment

Aileen Richards was a senior executive with Mars, Incorporated until 2015. As Executive Vice President of Mars, she was responsible for the Human Resources strategy for the company's 85,000 employees and she also led Mars Global Services (Mars IT, Mars Financial Services and Mars Associate Services). In her 30 years with Mars, Ms. Richards also held senior international roles in Procurement and Manufacturing. She is currently a non-executive director on several boards, including Mars Nederland B.V., Pret A Manger (through Pret Holding 1 Limited) and Samworth Brothers (Holdings) Limited.

LAURA STEIN

American (1961)

Non-executive Director, member of the Remuneration, Selection and Appointment Committee and Board Sustainability Contact
Non-independent
2022 first appointment

Laura Stein joined Mondelez International, Inc. in Janaury 2021 as Executive Vice President, Corporate & Legal Affairs and General Counsel for Mondelez International. In this role, she oversees the company's global legal, compliance, corporate reputation and ESG agendas, including public and government affairs, internal and external corporate communications, sustainability, community and foundation efforts.

Before joining Mondelez International, Ms. Stein served as Executive Vice President, General Counsel & Corporate Affairs for The Clorox Company. During her time there, she successfully led Clorox's global Legal and Corporate Affairs functions, including compliance, enterprise risk, audit, communications, government affairs, ESG and community affairs. Ms. Stein also served as the President of The Clorox Company Foundation, sponsored Clorox's cybersecurity and enterprise risk management programs, and sponsored the Clorox Women's Employee Resource Group. Prior to her time at Clorox, Ms. Stein served as Senior Vice President – General Counsel at the H.J. Heinz Company, where she sponsored Heinz's women's leadership group and was a Director of Heinz's Foundation.

Ms. Stein is a former director and former Chair of the Pension Investment Committee and former Chair of the Environmental, Safety & Security Committee of Canadian National Railway. She is a former director and former lead independent director of Franklin Resources, Inc., a global investment management organisation known as Franklin Templeton, and is also a former director of Nash Finch Company. Ms. Stein serves on the boards of several non-profit organisations including the Pro Bono Institute and the CEELI Institute (Central and Eastern European Law Initiative). She is a 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. She is the former Chair of the Leadership Council on Legal Diversity, among other previous non-profit organisation leadership roles.

LUC VANDEVELDE

Belgian (1951)

Non-executive Director, Lead Independent Director, member of the Audit Committee, and Remuneration, Selection and Appointment Committee
Independent
2020 first appointment

Luc Vandevelde is the Founder and Chair of Change Capital Partners LLP, which manages private equity funds focused on buy-outs of middle market consumer-related companies across Europe, and the Chair of Majid Al Futtaim Leisure & Entertainment and Cinemas. Mr. Vandevelde was the Chair of Marks and Spencer Group plc and the Senior Independent Director of Vodafone Group plc and Chair of its remuneration committee. He retired from the Vodafone board of directors in September 2015, following 12 years as a non-executive director. Luc was a director of Société Générale S.A. until May 2012. Mr. Vandevelde is the former Chair of Carrefour. He started his career with Kraft Foods where he worked for 24 years in Europe and the United States in finance, business development and mergers and acquisitions. After the acquisition and integration of Jacobs Suchard AG, he became Chief Executive Officer of Kraft Jacobs Suchard's French and Italian operations.

PATRICIA CAPEL

Brazilian (1972)

Stand-in non-executive Director
Non-independent

Patricia Capel joined JAB as a Partner in 2021, following 25 years at AB InBev and Ambev, where she most recently led the commercial operations in Chile, Bolivia and Paraguay. Ms. Capel has extensive global experience including in the United States, Russia, Latin America, Belgium and Canada. At AB InBev, she held numerous roles including as VP Finance, VP of Global People, and was a member of the ABI Global Diversity & Inclusion Council. Ms. Capel has also worked at PwC and Cargill Agricola.

The Board will propose to the shareholders to appoint Patricia Capel as a non-executive Director of the company at the AGM on 25 May 2023.

JEROEN KATGERT

Dutch (1968)

Stand-in Non-executive Director and member of the Audit Committee
Non-independent

Jeroen Katgert has been the Senior Vice President Finance, Mondelez Europe since May 2018. He joined Mondelez Europe in 2008 and held various leadership positions at Mondelez, including Vice President Commercial and FP&A, Vice President Finance Coffee Europe and Vice President Finance "Project One Europe". Prior to joining Mondelez, Mr. Katgert spent 16 years at Unilever in a variety of roles, including Vice President Finance Unilever, Supply Chain Europe and Finance Director M&A and Treasury.

The Board will propose to the shareholders to appoint Jeroen Katgert as a non-executive Director of the company at the AGM on 25 May 2023.

FRANK ENGELEN

Dutch (1971)

Non-executive Director and member of the Audit Committee
Non-independent
2020 first appointment

Frank Engelen joined JAB as a Partner in September 2020 and became a Senior Partner in September 2022. Prior to that, he was a partner at PwC for 17 years, during which time he was a member of the board of PwC Netherlands for five years, and a member of the board of PwC Europe for two years.

SUPER FUELS THE EVERYDAY CHANGE MAKERS

BRAND HIGHLIGHT

In 1987, SUPER pioneered coffee mixes in Asia - driven by its vision to make coffee universally accepted and liked in a tea drinking region.

Today, SUPER is found in 25 markets globally, offering a wide variety of quality instant beverages across the coffee, tea, cereal and soy category. The vision remains the same - to serve beverages that refresh, recharge and renew everyday people.

Adding to its expanding portfolio, SUPER has now launched a range of Pure Instant Coffee in response to the ongoing demand for healthier options.

CORPORATE GOVERNANCE

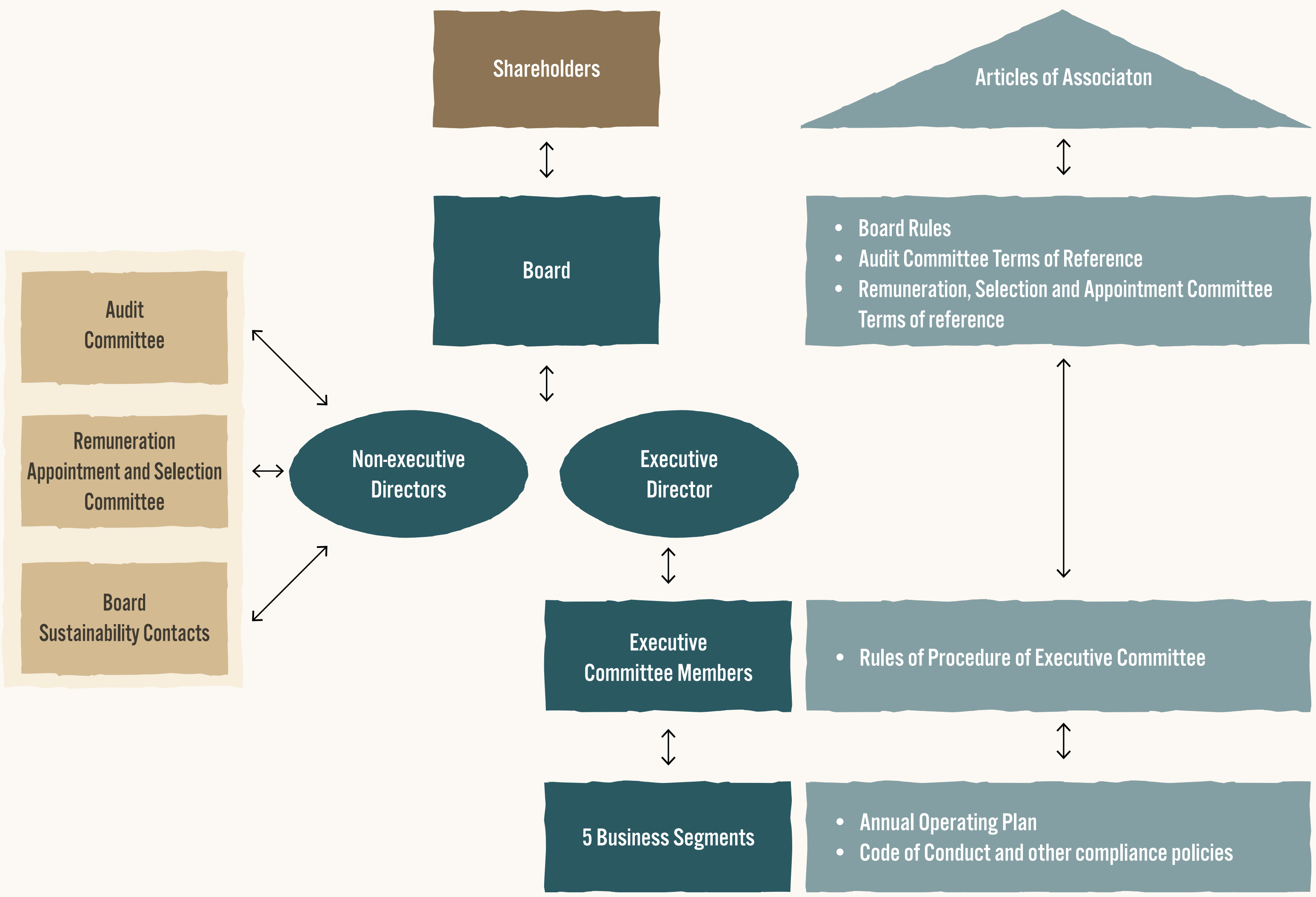
This section contains an overview of our corporate governance structure and its functioning. It provides information on the Board's role, its functioning and duties, as well as on the company's General Meeting and its capital structure.
As the company is established and listed in the Netherlands, it must comply with Dutch laws and regulations and is subject to the Dutch Corporate Governance 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 the end of financial year 2022, 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 governance structure and the most important governance policies and regulations at each level.

Governance structure



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, it supervises 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 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 long-term value creation, enhancing the performance of the company, 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 available on the company's website.

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 by the Chairman, a title that is only granted to a non-executive Director.

As at 31 December 2022, the Board comprised one executive Director, 11 non-executive Directors, and two stand-in non-executive Directors who were formally appointed by the Board in stand-in positions in accordance with the relevant provisions of the company's articles association, as presented in Our Board of Directors section.

APPOINTMENT, DISMISSAL AND SUSPENSION OF DIRECTORS

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, Mondelez International Holdings Netherlands B.V. (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 under the 'Investor Rights Agreement' in this chapter of the report.

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 at a time. 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 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 subsequently be 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[45]

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
Laura Stein	11 May 2022	2026
Joachim Creus	2 June 2020	2025
Paula Lindenberg	11 May 2022	2026
Ana García Fau	11 May 2022	2026
Frank Engelen	18 November 2020	2025
Denis Hennequin	2 June 2020	2024
Stuart MacFarlane	2 June 2020	2024
Aileen Richards	2 June 2020	2024

45 Jeroen Katgert and Patricia Capel, as stand-in non-executive directors, are not included in the table above pending the formalisation of their appointment by the AGM in 2023.

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. The Board has two committees of non-executive Directors to assist the Board in discharging 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.

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 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 of Shareholders.

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 furthermore 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 of Shareholders.

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, amongst others
- Monitors the progress of our Common Grounds Sustainability programme, goals and targets.

To place even greater focus on ESG, in 2021, the Board appointed one Sustainability Board Contact, and in 2022 appointed a second Sustainability Board Contact amongst its members of the Board. These appointees provide an oversight of ESG-related matters and advise the Executive Committee as well as company's senior management.

Responsibility for JDEP's Common Grounds sustainability agenda and programme lies with the CEO and the individual members of the Executive Committee responsible for specific business areas that specific targets relate to. Specifically, each member of the Executive Committee owns respective ESG targets that build our Common Grounds strategy and programme and are accountable for achieving these targets.

Led by the Global Director Quality & 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 ESG and climate-change strategy. In 2022, the Global Sustainability Team implemented 'Quarterly Program Reviews' where ESG subject-matter experts report KPIs performance to the Global Quality and Sustainability Director. The company's CEO is part of these sessions at least once a year.

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. Where situations of (potential) conflict of interest, were reported in 2022, the relevant procedures to deal with conflicts of interest as set out in the company's Articles of Association and Board Rules, were complied with, in addition to the procedures applicable under mandatory Dutch law and best practice provisions 2.7.3 and 2.7.4 of the Dutch Corporate Governance Code.

EXECUTIVE COMMITTEE

ROLES AND DUTIES

The company is managed by the Chief Executive Officer (CEO) who is supported by senior managers who together form the Executive Committee of the company. In addition to the CEO, as of 31 December 2022, the Executive Committee consisted of 11 other members, namely: the company's CFO, the five 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 discharge 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, and thus 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 members of the Audit Committee or other non-executive Directors. 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. The Executive Committee and the Board also meet and interact during informal occasions.

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. This is why we have adopted a Diversity Policy, available on the company's website, which is designed to address diversity in skills, experience, education, background, nationality, age and gender diversity at the Board and Executive Committee level.

In 2022, the company revised its Diversity Policy for non-executive directors by increasing its gender diversity ambition to have at least one-third of the non-executive directors on the Board be female and at least one-third of the non-executive directors on the Board be male (in each case, rounded up). This means that the company now aims to have at least five female non-executive Directors, compared to our previous target of four.

As at 31 December 2022, out of 13 non-executive Directors,[46] five were female and eight were male. We are proud to have achieved our gender diversity objective for non-executive Directors, in addition to having eight nationalities amongst our non-executive Directors.

The desired profile of non-executive Directors furthermore follows the profile of our Board members, in that the profile aims for a balance between nationalities, gender, age, education, experience and (work) background, as well as an appropriate combination of international knowledge and experience encompassing financial, legal, economic, commercial, social and marketing aspects relevant to the company's business and footprint. The full text of the company's Board profile is available on the company's website.

46 Two non-executive stand-in directors are counted in because they were formally appointed by the Board in the stand-in position in accordance with the relevant provisions of company's Articles of Association.

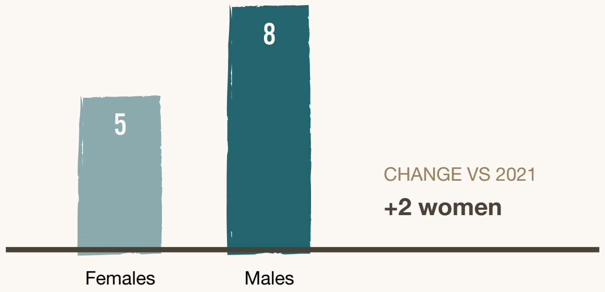
The Board annually assesses the size and composition of the Board. As part of the procedures for appointing new Directors, the Directors are invited to give their input on identifying potential candidates. Members of the Remuneration, Selection and Appointment Committee propose suitable candidates for 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 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 female and at least 30% are male, and that at least 30% of the positions in the Executive Committee are held by females and at least 30% by males. 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. As at 31 December 2022, out of 12 members of the Executive Committee (including the executive Director), 8 were male (67%) and 4 female (33%), hence the company has achieved its gender diversity objective for the Executive Committee. Eight different nationalities were represented at the Executive Committee.

The company continues its efforts to contribute to the achievement of the Diversity Policy objectives throughout all levels of the organisation, including the Executive Committee. The company has made clear progress on the number of females appointed to the revenue generating positions of the Executive Committee (including the LARMEA and APAC Regional Presidents, as well as the Chief Marketing Officer). Furthermore, we have reassessed our essential people processes, including the design of profiles of our talent to include various diversity elements (such as gender, nationality and other factors) for the succession of the members of the Executive Committee. As explained in the 'Connecting People' section of this report, the company has set a goal of 40% gender diversity in its global leadership positions by 2025. The company believes this objective will help contribute to and enhance diversity and inclusion, although availability of suitable candidates, other relevant selection criteria or other reasons could have an impact on achieving the company's diversity objectives.

For more information on our diversity and inclusion aspiration, including for the global leadership team, refer to the Connecting People section of this report.

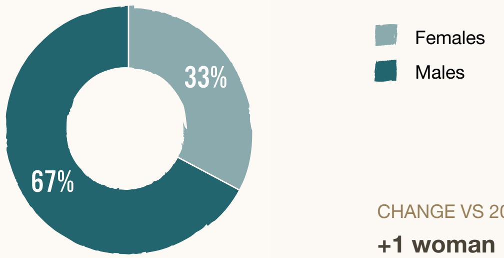
Non-executive Directors gender ratio*



CHANGE VS 2021
+2 women

* Two non-executive stand-in Directors are included because they were formally appointed by the Board in the stand-in position, in accordance with the relevant provisions of the company's Articles of Association.

Executive Committee gender ratio*



CHANGE VS 2021
+1 woman

* Includes one executive Director (CEO); our diversity objectives apply to executive Directors when more than one executive Director is appointed. As such, we do not separately report on the implementation of diversity targets for executive Directors whilst we have one executive Director.

8 Nationalities non-executive Directors[47]

- French
- American
- British
- Belgian
- German
- Spanish
- Dutch
- Brazilian

8 Nationalities Executive Committee

- French
- American
- British
- Belgian
- Spanish
- Australian
- Russian
- Dutch

47 Two non-executive stand-in Directors are included because they were formally appointed by the Board in the stand-in Director position, in accordance with the relevant provisions of the company's Articles of Association.

NON-EXECUTIVE DIRECTORS BOARD PROFILE

Non-executive Directors	Financial experience	Legal experience	Economic experience	Commercial experience	Social experience	Marketing experience	Listed company experience	Corporate Governance	FMCG experience	Organisational experience
Olivier Goudet	X		X	X		X	X	X	X	X
Peter Harf	X		X	X	X	X	X	X	X	X
Joachim Creus	X	X	X	X			X	X	X	
Frank Engelen	X	X	X	X				X	X	
Patricia Capel	X		X	X	X	X	X		X	X
Laura Stein		X			X		X	X	X	
Jeroen Katgert	X		X	X			X		X	
Paula Lindenberg				X	X	X	X		X	
Ana Garcia Fau	X	X	X	X			X			
Denis Hennequin			X	X	X	X	X	X		X
Luc Vandevelde	X		X	X		X	X	X	X	X
Stuart MacFarlane	X		X	X		X	X		X	X
Aileen Richards	X		X	X	X				X	X

SHARES AND SHAREHOLDERS

SHARE CAPITAL STRUCTURE

The company's ordinary shares have been listed on Euronext Amsterdam since the company's IPO in May 2020. As at 31 December 2022, the issued share capital of the company comprised 502,745,857 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 Board is entitled to determine a record date in accordance with the relevant provisions of the Dutch Civil Code.

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 - Consolidated Financial Statements in this report.

GENERAL MEETING OF SHAREHOLDERS

The company's shareholders exercise their rights through annual and extraordinary General Meetings of Shareholders. 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 of Shareholders virtually on 11 May 2022. The relevant documents related to this General Meeting of Shareholders 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 2022.

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. 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 Chair 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 must be present at the General Meeting, unless they are unable to attend for important reasons. The external auditors of the company are 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, within five years as from the IPO settlement date, 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. The Protective Foundation shall pursue its objects, 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.

As at 31 December 2022, 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 - 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, which 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 MIHN is entitled to designate at least one Director, the Related Party Transaction Policy shall not be amended or terminated without Mondelez prior written consent.

MAJOR SHAREHOLDERS

As at 31 December 2022, Acorn Holdings B.V. and MIHN were the two largest direct shareholders of the company, holding 55.02% and 19.04% respectively of the issued and outstanding share capital of the company. As at 31 December 2022, the free float represented 22.46% of the company's issued and 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, among other things, the number of Directors MIHN is entitled to nominate for appointment and the arrangements for MIHN's representation at 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.

With respect to the Board's committees, and to the extent allowed under applicable laws and regulations, MIHN is entitled to be represented by one of its designees in all Board committees. 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 11 May 2022, 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 11 May 2022, to issue ordinary shares in connection with a rights issue only, for a maximum of 40% of the issued share capital on 11 May 2022 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 term of five years as from the settlement date, 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's 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 subdelegated 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 of five years as from the settlement date, to grant the preference shares to the Protective Foundation as described in more detail, in the Anti-takeover measures section.

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 issue 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 company's employees. 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 11 May 2022, 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 11 May 2022 for general purposes as described in more detail, in the 'Issuance of shares' section. 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, which authorisation is valid for a maximum period of 18 months.

On 11 May 2022, 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 11 May 2022, 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 its group company employees under share incentive plans, provided such shares are quoted on the price list of a stock exchange.

In May 2022, the company executed a EUR 500 million share buyback from its shareholder MIHN, resulting in the company holding 18,573,551 ordinary shares in treasury. The company used a portion of these shares for the settlement of JDE Peet's share delivery commitments under the equity incentive plans and obligations at certain subsidiaries, resulting in the remaining balance of the treasury shares held by the company as at 31 December 2022 being 17,510,180.

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 notes issued, 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 venture, 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.

DUTCH CORPORATE GOVERNANCE CODE

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.

The company does not comply with the below best practice principles of the Code as at 31 December 2022, which is largely explained by the company's shareholder structure or 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 (including 2 stand-in 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 a 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 principles of the Code	Reasons for the deviation
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, an initial term of all the new appointments of non-executive Directors in 2022, has been 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 interest and that of its shareholders by strengthening the company's ability to attract and retain highly competent non-executive Directors from outside the Netherlands, thereby supporting diversity.

Best practice principles of the Code	Reasons for the deviation
Best practice provision 3.1.2 (vi): the company is not compliant with best practice provision 3.1.2 (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 the 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. 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 Annual 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 Policy, as required by article 3a sub d of the Decree, can be found in the Diversity subsection in the Corporate Governance 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.

INSPIRING EVERYDAY MOMENTS OF PLEASURE

BRAND HIGHLIGHT

MOCCONA was established under DOUWE EGBERTS in the small Dutch village of Joure and was launched in Australia in 1960, where its European charm and superior taste make it a household name. In 1986, Moccona expanded to Thailand. MOCCONA's belief is that a life well lived is one where we take the time to pause and appreciate the finer things in life.

On the back of the premiumisation trend in Asia, between 2020-2021 we introduced MOCCONA to China, Singapore, Malaysia, and the export market in Asia. MOCCONA has a portfolio presence in all key coffee segments and continues to maintain its relevance by extending into key growth segments, such as plant-based speciality coffee and cold brew.

In 2022, MOCCONA continued its positive growth momentum, growing faster than the Pure category in most markets, thanks to the launch of MOCCONA Crema in Thailand; and the successful launch of the MOCCONA Cadbury Mocha range in New Zealand and Australia.

REPORT OF THE NON-EXECUTIVE DIRECTORS

INTRODUCTION

This report provides further information on the way we performed our duties in 2022.

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 long-term value creation.

CHANGES TO THE COMPOSITION OF THE BOARD

After the AGM held on 11 May 2022, Alejandro Santo Domingo, Genevieve Hovde and Gerhard Pleuhs stepped down from the Board. At the same meeting, Ana García Fau, Paula Lindenberg and Laura Stein were appointed as non-executive Directors by the AGM. Furthermore, Nelson Urdaneta and Justine Tan stepped down as non-executive Directors and the Board appointed Jeroen Katgert and Patricia Capel respectively to fill-in these vacancies on the Board until their appointment to the Board is formalised by the AGM in 2023. With these new appointments, the Board broadened its diversity, and at the same time, brought additional expertise and knowledge in the fast-moving consumer goods sector.

MEETINGS AND ACTIVITIES OF THE BOARD

ATTENDANCE

The Board held seven meetings in 2022. Two additional Board calls were organised, one of which was dedicated to discuss and approve the EUR 500 million share buyback from Mondelez, and another the acquisition of L2M. In addition, as part of the Board's meeting in September, the Board visited the company's factory in Utrecht, the Netherlands, as well as the Experience and Innovation Center. 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 company's management to ensure that they remained well-informed about the company's operations.

The non-executive Directors attended all Board meetings in 2022, except for a limited number of occasions (each of which 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	9/9		
Aileen Richards	9/9		6/6
Stuart MacFarlane	8/9	6/6	
Peter Harf	9/9		6/6
Joachim Creus	9/9		
Frank Engelen	9/9	6/6	
Luc Vandevelde	9/9	6/6	6/6
Jeroen Katgert[48]	5/5	4/4	
Laura Stein[49]	5/5		4/4
Ana García Fau[50]	5/5	4/4	
Denis Hennequin	8/9		6/6
Paula Lindenberg[51]	4/5		
Patricia Capel[52]	1/1		

48 The attendance rates are indicated since his appointment effective 11 May 2022
49 The attendance rates are indicated since her appointment effective 11 May 2022
50 The attendance rates are indicated since her appointment effective 11 May 2022
51 The attendance rates are indicated since her appointment effective 11 May 2022
52 The attendance rate is indicated since her appointment effective 26 September 2022

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.

The Board conducted a self-assessment at the end of 2022 to evaluate its own performance, the performance of its Committees and individual members, including the interactions with the executive Director. To facilitate this evaluation, an anonymous questionnaire was distributed to all non-executive Directors, followed by an open discussion led by the Chairman of the Board. The evaluation covered topics such as the composition and expertise of the Board and its Committees, access to information, frequency and quality of the meetings, quality and timeliness of the meeting materials, interactions with the company's stakeholders and the executive Director. The outcomes of the Board evaluation were generally positive and reflected an improvement over the 2021 Board survey results. In particular, the responses provided by the non-executive Directors, as well as the discussion, indicated that the Board is well managed, properly fulfilling its duties and responsibilities, and that appropriate processes are in place to ensure that the Board is providing necessary oversight over the company. The Board was also positive about the performance of the executive Director and more generally, its relationship with the management. The Board concluded that it would continue to focus on continuously improving Board governance.

The company aims at least once every three years to have an independent third-party facilitate the Board's evaluation consisting of individual interviews with the Directors followed by a Board discussion, covering both the outcome of the evaluation and proposed actions to enhance the effectiveness of the Board.

INDUCTION PROGRAMME

New Board members appointed in 2022 (including the stand-in non-executive Directors) followed a thorough induction program, which included a presentation on topics such as corporate governance of a Dutch listed company and Director's responsibilities.

BOARD FOCUS

In 2022, we witnessed record-high inflation, supply chain disruptions and the war in Ukraine. Consequently, our top priorities included pricing for inflation, supply chain strategies and resilience, supporting our employees impacted by the war in Ukraine, and cybersecurity in the context of a turbulent geopolitical environment.

Other key topics included, amongst others:

- **Strategy and 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 investments in people, sustainability, brands and appliances. As part of this review, we deep-dived into key pillars of our Value Create Plan (Serve More Cups, Master Execution and Grow Together Human Resources and Sustainability).
- **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 and segment level. In this context, we discussed pricing strategy, the effects of inflation on our portfolio performance, and the importance of talent in overcoming supply chain disruption challenges.
- **Financial reporting and governance:** the Board reviewed the company's annual report, including the annual and interim financial statements and related reports from our external auditor, the annual and half-year results and accompanying press releases. The Board approved the dividends to be paid to the company's shareholders in 2022. 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 Human Rights Policy and Diversity Policy.
- **Sustainability:** the Board had two dedicated sustainability updates, as part of which we reviewed the company's progress on the ESG commitments and the strategic initiatives for 2022. The Board fully supports the company's ESG agenda and strategy and acknowledges the positive step-change.
- **M&A:** The Board discussed and reviewed the company's M&A opportunities, including the acquisition of L2M, a premium tea and infusion business complementary to the company's CPG Europe portfolio, and other partnerships.
- **Marketing and innovation:** we reviewed and advised the company's management on the fabric of the company's marketing value creation plan, brand journey and innovation initiatives.

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.

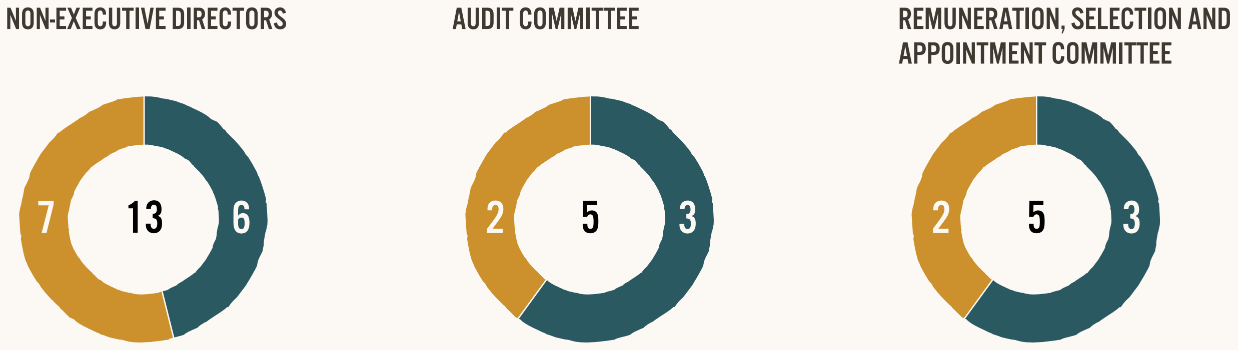
The Chair of the Board is in regular close contact with the CEO, as is the Chair of the Audit Committee with the CFO and the Chair of the Remuneration, Selection and Appointment Committee with the CHRO. Furthermore, the Board regularly interacts with the members of the Executive Committee, who are invited to 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 programme or other occasions such as factory visits. In 2022, Board members had the opportunity to interact with various company employees, gaining valuable insights.

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 (including 2 stand-in non-executive Directors) were representatives of our major shareholders, JAB and Mondelez, as at 31 December 2022. These seven 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 members of both Board Committees are independent.

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.



Independent   Not independent

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.

BOARD COMMITTEES

AUDIT COMMITTEE

In 2022, Stuart MacFarlane took over as the Chair of the Committee from Nelson Urdaneta who resigned as non-executive Director effective 1 April 2022. As at 31 December 2022, Stuart MacFarlane (Chair), Jeroen Katgert (stand-in non-executive Director), Luc Vandevelde, 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 2022, 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 2022, 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 the 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 the latest updates on the company's financials at each Committee's meeting. The Audit Committee also reviewed the company's 2022 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 and status on ESG controls design, as well as the goodwill impairment review of the Out-of-Home segment, the company's capital structure and debt management
- Were provided with in-depth updates on matters such as internal audit, compliance, whistleblower alert line reports, litigation, tax and hedging strategies including in relation to the procurement of green coffee
- Were presented with the update on the Enterprise Risk Management, including the management's assessment of cyber risks, supply chain business continuity risks and ESG related risks, such as climate and supply chain due diligence
- Reviewed and endorsed the proposed yearly Internal Audit Plan, assessed the functioning of the Internal Audit function 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, its scope and materiality, condensed consolidated interim and year-end consolidated financial statements for 2022. 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 2022, we also deep-dived on a selection of specific topics, including the company's compliance with applicable international sanctions adopted against Russia and the measures the company has taken to ensure compliance, and the current status of the company's cyber security and related mitigation plans. We assessed and provided our recommendation to the Board for the engagement of Deloitte and its re-appointment as the company's external auditor for financial year 2024, which will be added to the agenda for the AFM on 25 May 2023.

REMUNERATION, SELECTION AND APPOINTMENT COMMITTEE

In 2022, Aileen Richards took over as the chair of the Remuneration, Selection and Appointment Committee from Peter Harf, who remained as committee member. As at 31 December 2022, Aileen Richards (Chair), Peter Harf, Denis Hennequin, Laura Stein and Luc Vandevelde 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 2022 and had two additional meetings, one of which was dedicated to the remuneration of the executive Director and another meeting to discuss the bonus pay-out and bonus target setting. The attendance rate of the Committee members was 100%.

The Chair of the Board participated in most of the meetings of the Remuneration, Selection and Appointment Committee, and the company's Chief Human Resources Officer participated in all the meetings. 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:

- Discussed the performance and remuneration of the Executive Committee members, and approved the appointment of the Chief Research and Development Officer.
- Approved bonus targets for 2022 and the bonus pay-out for 2021 financial year.
- Received updates on the outcomes of the company's leadership talent review and succession planning, and supported the company's initiatives in further strengthening the company's Diversity, Equity & Inclusion programme (including the pay equity deep dive and diversity KPIs).

- Reviewed the company's Diversity Policy applicable to company's Directors and members of the Executive Committee and proposed appropriate revisions for the Board's approval.
- Together with management, reflected on the company's employee engagement survey result.
- Recommended to the Board that it 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 feedback on the 2021 Remuneration Report including the progress made since the prior year's report.
- Benchmarked the 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[53]	Member	
Laura Stein		Member
Ana García Fau	Member	
Denis Hennequin		Member
Paula Lindenberg		
Patricia Capel[54]		

53 Stand-in non-executive Director, whose appointment will be placed on the 2023 AGM agenda.
54 Stand-in non-executive Director, whose appointment will be placed on the 2023 AGM agenda.

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	

TASSIMO

TASSIMO SERVES EVERYONE MORE HAPPINESS

BRAND HIGHLIGHT

TASSIMO has been creating delicious cups of coffee, chocolate or tea since 2004. We like to say that we are the result of what happens when great brewers and great drinks come together to spark more joy in the moment.

Stylish machines with our clever patented technology INTELLIBREW™, delicious drinks and your favourite brands… TASSIMO prepares every drink perfectly every time at the touch of a button.

Now for more than 5 million households in Europe[1], and for the future, TASSIMO is here to serve everyone more happiness.

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[1] *France, Germany, UK, Spain*

RISK MANAGEMENT

OUR APPROACH

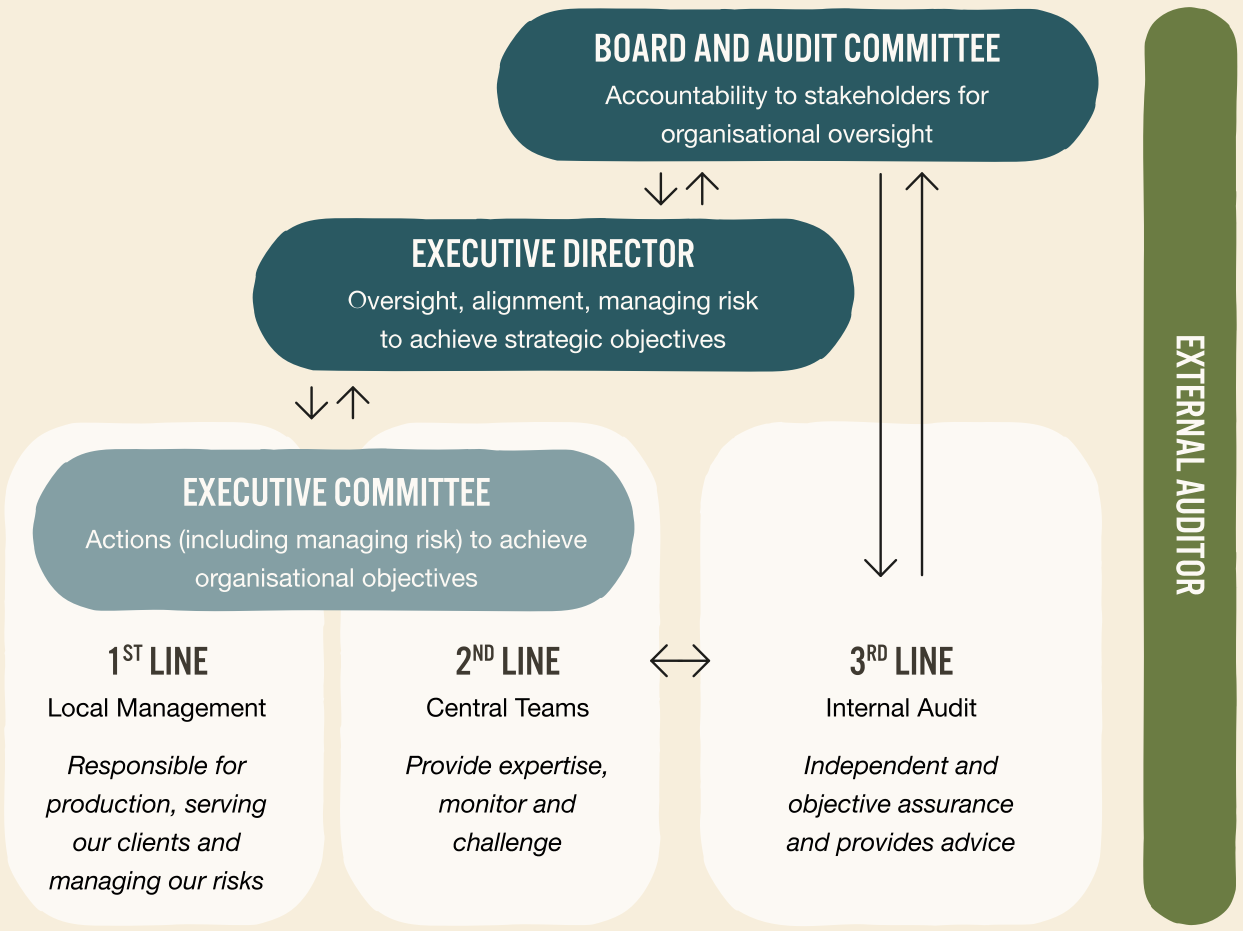
For an effective risk management we have adopted the 'three lines of defence' model. Each actor in this model plays an important role in providing reasonable assurance that the risks in achieving our objectives are identified and mitigated.

INTERNAL CONTROLS

The Internal Control activities at JDE Peet's 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. The internal control activities are executed through our first line, local management.

In 2022, we further strengthened our internal control framework by placing additional focus on:

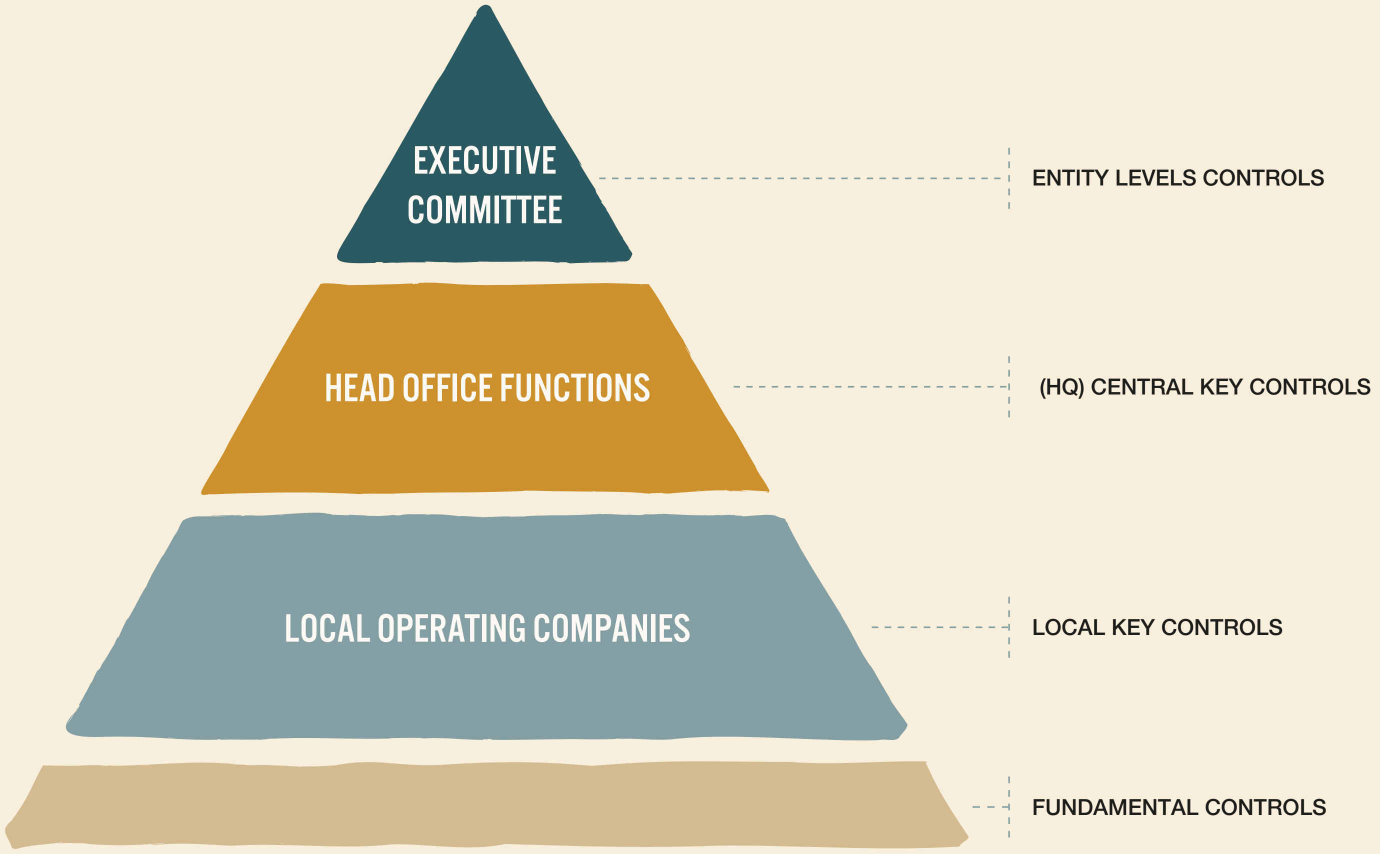
a. The design of our ESG related control framework
b. Investments in further improving the effectiveness of our IT and financial controls.



JDE PEET'S STANDARDISED INTERNAL CONTROLS FRAMEWORK

Within JDE Peet's we have standardised ways of working, supported by standardised business processes around which we have designed a standard set of Internal Controls.

Across JDE Peet's, most operating entities carry out comparable business activities wherever they are based, using uniform IT systems, such as SAP, SAP-BPC, TAS, Salesforce and Dynamics 365. Our standardised processes are documented in Business Process Descriptions and flow charts, which drive the way we work. This standardisation means regional management can monitor and compare the performance of our businesses by analysing data and keeping track of trends and deviations.



Entity level controls

- Whistleblower hotline
- Code of Conduct
- Powers of Attorney
- Letter of Representation

Regulatory compliance controls

- Restricted Party Screening (RPS)
- Anti-Bribery & Corruption (ABC)
- Competition Law (CL)
- Privacy Law (PL)

ESG controls

- Responsible Sourcing
- Minimising Footprint
- Connecting People

Financial key controls

- Order to Cash (OTC)
- Make to Demand (MTD)
- Purchase to Pay (PTP)
- Record to Report (RTR)
- Manage Plant, Property and Equipment (PPE)
- Tax
- Hire to Retire (HTR)
- ITC Information Technology
- Coffee & Tea sourcing
- Treasury & Cash
- Manage Machines Professional (MMO)

Operating Model Control

- Functional controls at central and local level

Fundamental Controls

- Segregation of duties
- General IT controls

We operate an Internal Control framework, which defines the controls and policies for the different levels within the company. The framework, which is part of our first line of defence to manage our risks, is designed to ensure local and regional leadership teams apply internal controls to comply with applicable laws and regulations and to respond to risks applicable for their business. This results in accurate external (financial) reporting and supporting decision-making based on reliable, accurate and complete management information.

For each operating company, we implement appropriate controls based on local risk assessments and in consultation with our Global Internal Controls team. Standardisation helps our teams focus on quality processes and Internal Control Policy compliance. Each year we review and update the control framework, if deemed necessary.

Internal Controls are defined at entity level, at process level, and at functional or transactional level. As part of the entity-level controls, every quarter local and regional management sign off a Letter of Representation. This includes a confirmatory statement regarding the design and operating effectiveness of controls. Entity-level controls are formalised and include amongst others , a speak-up alert line, monitoring of the existence of Codes of conduct, clear objectives and delegation of power and responsi-bilities. Leadership teams report on the effectiveness of the financial controls quarterly, which is monitored and reviewed by the Global Internal Controls team.

Entity-level controls also include regular oversight of the regions and country organisations. This includes central risk assessments and periodic evaluations to balance risk appetite with business practises. For newly acquired businesses, this oversight and monitoring process is typically more intense to ensure balanced risk management.

Internal Control Supervisors support the management teams across each business and region. The global network of Internal Control Supervisors plays a crucial role in safeguarding standards and making sure Internal Controls operate effectively within the context of the local operations. The Internal Control Supervisors have a strong link to the Global team and provide support on the ground, as well as guidance and training to local management.

ESG CONTROLS

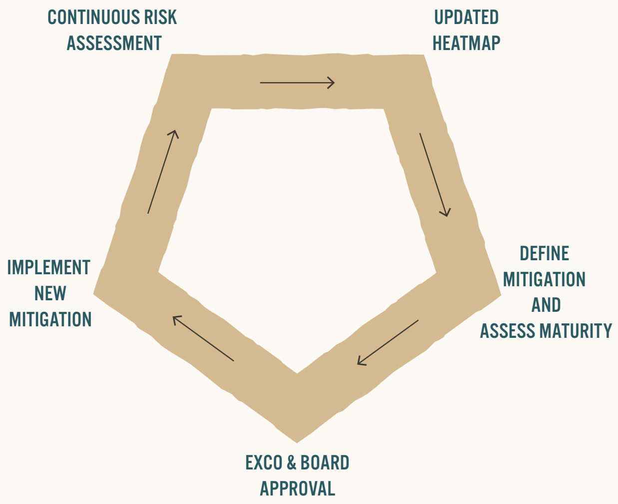
In 2022, we paid particular attention to the design of ESG-related internal controls. We designed a set of controls around our ESG KPIs subjected to limited assurance, to ensure the quality of our reported ESG metrics.

NON-INTEGRATED BUSINESSES

As a result of the acquisition strategy of JDE Peet's, new businesses continue to join the company. These companies are not all immediately integrated on the company's ERP platform, the standard Internal Control framework is rolled out at these entities. In line with our roadmap, in 2022 we onboarded Jobmeal (Sweden) to our standard Internal Control framework. For Repa Fruchthof (Switzerland) the applicable controls of our standard Internal Control framework are implemented. For Campos, we rely on the existing Campos internal control framework.

While our most recent acquisition, L2M, has yet to be onboarded to our Standard Internal control framework, we are carrying out periodic performance reviews and central monitoring on key reconciliation items.

RISK MANAGEMENT PROCESS



Our enterprise risk management process is outlined below. Risk assessment is a continuous activity throughout the year. The full cycle is completed annually with a discussion and alignment in the Executive Committee, and subsequently presented to the Audit Committee and discussed by the Board.

One of the outcomes of the formal annual risk management process is the identification of the main risks for the company and the active engagement of the company's leadership in these discussions. In addition, clear alignment of risk weighting and risk appetite, and how to balance these, was achieved across the identified risk categories.

OUR MAIN RISKS

Overall, our risk portfolio as described in this section has not changed during the year under review. In 2022, we continued to work on implementing further mitigating measures to ensure our risks remained at the appetite levels we have agreed upon.

MACRO-ECONOMIC ENVIRONMENT

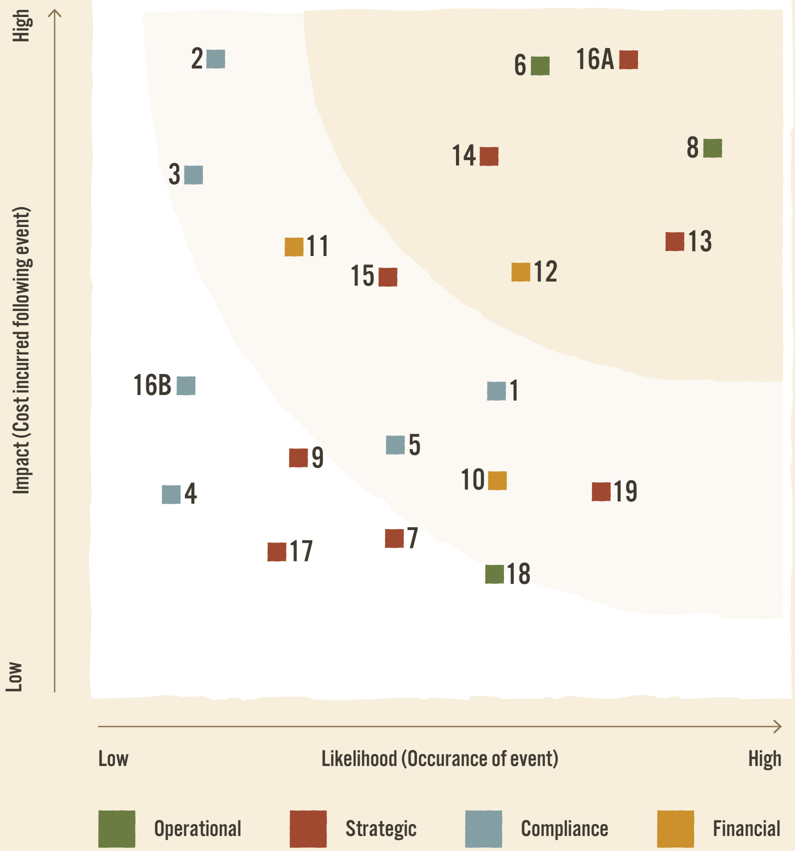
The pandemic and related restrictions continued to have an impact on conditions in a limited number of markets in 2022. The volatility of the global supply chains after the restrictions were lifted in most markets, had an impact on transport, logistics and commodity prices for the company.

The uncertainty in the economic environment was further magnified because of the Russian invasion in Ukraine, which all together resulted in an energy and cost of living uncertainty and unprecedented inflation. Because of the growing risks associated with cyber security as well as increased environmental challenges, we have intensified our mitigations in those areas. JDE Peet's continues to closely monitor developments that impact the macro-economic environment and closely monitors the exposure for the company.

The heat map 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 as follows:

AVERSE	Avoidance of risk and uncertainty in this area is a key objective
CAUTIOUS	Preference of safe, immediate mitigations to keep risks on a remote likelihood
PRUDENT	Preference of longer-term mitigations to manage risks towards a limited likelihood prudently balancing risk and reward
OPEN	Willing to consider appropriate options that likely generate higher rewards
HIGHER	Eager to be innovative and pursue opportunities that generate highest rewards despite greater inherent risk



#	Risk
1	Data privacy
2	Antitrust / competition law
3	Tax (incl. Business blueprint) compliance
4	Food safety / food law compliance
5	Corruption / fraud
6	Supply Security & Business Continuity
7	Product quality
8	Cyber + IT Security & Continuity
9	Merger & Aquisition Integration
10	FX risk
11	Liquidity risk
12	Commodity purchasing
13	Inflation offset pricing power
14	Innovation risk
15	Disruption by new technology / business models
16A	ESG – Climate – Physial and Transition risk
16B	ESG – Social & Human rights compliance
17	Merger & Aquisition Inherit risk
18	Distributors and JVs
19	Key talent

Strategy pillar	Risk	Risk description	Risk appetite	Inherit level of risk	Mitigation actions
Serve more cups	**Product quality**	The risk of large recalls due to product quality issues	CAUTIOUS	MEDIUM	- Internal and external quality measurement systems - Verification and quality audits on all materials - Efficient analytical support mechanism
Serve more cups	**Merger & Acquisition integration**	Unexpected post M&A integration issues and not achieving the anticipated business case	CAUTIOUS	MEDIUM	- Local and global teams are guided through the integration journey - Integration governance models - Manage M&A business case delivery through synergy tracking
Serve more cups	**Inflation offset pricing power**	The risk that we cannot pass through customer price increases to our customers to offset inflation on time and in full	OPEN	HIGH	- Continue to build power brands - Strong value - Creation story towards external partners - Creation of a strong innovation pipeline to guarantee attractiveness for retailers
Serve more cups	**Innovation**	The risk that JDE Peet's is not able to generate and successfully deliver the right innovations in the market	PRUDENT	HIGH	- Mature governance process and systems in place - Portfolio result analysis - Project closure evaluation - Innovation rolling 24 month plan
Serve more cups	**Disruption by new technology/ business models**	The risk that new business models or technologies will disrupt JDE Peet's' business model over the long term	CAUTIOUS	MEDIUM	- Mature horizon scanning process to identify new trends on time - Dedicated teams working on strategic innovations versus adaptations or variants to existing products
Serve more cups	**Merger & Acquisition inherited risk**	Failure to develop an accurate business case and the risk that any other risk occurs before the new acquired business is on JDE Peet's standards	PRUDENT	MEDIUM	- Mature pre-closing due diligence process, post-closing fit/gap analysis and closure - Independent external deal closure team with no financial incentives on success - Internal accountability model, M&A deal team and M&A integration team co-create M&A business case

Strategy pillar	Risk	Risk description	Risk appetite	Inherit level of risk	Mitigation actions
Master execution	**Data privacy**	The risk of serious breaches of GDPR or other privacy laws resulting in fines and/or consumer boycotts	AVERSE	LOW	- Mature process on privacy governance - Data processing agreements in place - Privacy audits - Record of pro-cessing activities in place - Data breach Reporting procedure in place - Binding corporate Rules & privacy policies in place - Periodic trainings
Master execution	**Antitrust/competition laws**	The risk of non-compliance with antitrust laws, leading to claims, court cases, or fines to be paid to either regulators, customers or other parties	AVERSE	LOW	- Internal control mechanisms - Compliance training for all employees, local specific small group trainings - Commercial play-books available for front line employees - Antitrust audits
Master execution	**Tax compliance**	Risk of non-compliance with our designed ways of working Changes to tax laws and regulations that may 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 3rd party tax advice where needed
Master execution	**Corruption/fraud**	The risk of significant corruption or fraud occurring	AVERSE	LOW	- Availability of Speak Up line for both internal and external whistle-blowers - Periodical trainings - Ongoing improvement of the third party risk management tooling - Robust internal controls - Internal and external audits

Strategy pillar	Risk	Risk description	Risk appetite	Inherit level of risk	Mitigation actions
Master execution	**Supply security & business continuity**	The risk of significant disruption of 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 captal and potential supply disruption
Master execution	**Cyber + 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	HIGH	- Regular security testing, vulnerability scanning and benchmarking - Security policy framework & security awareness testing - Active vulnerability management - Incident management process - Disaster recovery testing on annual basis
Master execution	**FX**	Failure to hedge currency risk in a cost effective way	PRUDENT	MEDIUM	- Active currency monitoring and risk management process - Hedging on main currencies
Master execution	**Liquidity**	Risk that JDE Peet's cannot meet its debt obligations	AVERSE	LOW	- Active liquidity risk management process in place with our Treasury department with periodic stress testing
Master execution	**Commodity purchasing**	Failure to buy commodities at equal or better conditions than the peer group, based on fair market conditions	OPEN	HIGH	- Commodity Risk Governance Framework and Policy - Monkey Line Performance tracking where we track our performance against automated buying - Highly skilled and experienced commodity buying employees

Strategy pillar	Risk	Risk description	Risk appetite	Inherit level of risk	Mitigation actions
Grow together	**Food safety/Food law compliance**	The risk of large recalls due to food safety concerns	AVERSE	LOW	- Adherence to JDE Quality Policies (QPs) - Enforcement of Product / advertising compliance to market food law - Appliance compliance to market safety regulation - Issue & Crisis management process
Grow together	**ESG - Climate**	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	HIGH	- For actions taken on climate change please refer to the Climate risk chapter
Grow together	**ESG - Social**	Potential non-compliance to all applicable laws and regulations across JDE Peet's	AVERSE	MEDIUM	- Human Rights policy rolled out - Supplier risk management platform implemented - Ongoing internal assessments executed
Grow together	**Key talent**	Inability to retain key employees and to build a healthy talent pool	PRUDENT	MEDIUM	- Maintain current high engagement standard - Further improve offer compensation package in line with the market - Maintain a clear company purpose and inspiring culture
Grow together	**Distributors and JV's**	The risk that any of the other risks occurs with a key distributor who is acting on JDE Peet's behalf	CAUTIOUS	MEDIUM	- Contracts in place with distributors / JV's - 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 review of the internal Risk & Control framework. In accordance with the best practice provision 1.4.3 of the 2016 Dutch Corporate Governance Code, we have assessed the design and operational effectiveness of our 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.
- 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 paragraph.
- 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 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 and 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 2022 provide a true and fair view of the consolidated assets, liabilities and financial position as at 31 December 2022, and of the 2022 consolidated profit or loss of JDE Peet's.
- The annual report provides a true and fair view of the situation as at 31 December 2022, and the development and performance of the business during the financial year 2022, together with a description of the principal risks and uncertainties faced by JDE Peet's.

BRAND HIGHLIGHT

PICKWICK: INSPIRING YOU TO TAKE TIME FOR YOURSELF AND OTHERS

The rich history of PICKWICK started more than 200 years ago in the Netherlands. Today, the brand has a leading position in five European markets.

PICKWICK is an iconic brand with a strong purpose, inspiring 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 2022, PICKWICK marked the launch of Ginger Goodness and the relaunch of the critical Fruit portfolio, and it was the year in which we made strong progress on our sustainability goals in both responsibly sourced tea as well as the transition to an industrially compostable tea bag, while maintaining leadership in our key markets.

REMUNERATION REPORT

ABOUT THIS REPORT

The Remuneration Report explains how JDE Peet's' Directors' Remuneration Policy ("the Remuneration Policy") was applied and contains the details of the executive and non-executive Directors' actual remuneration for the financial year 2022.

The Remuneration Policy was first adopted by the General Meeting of Shareholders on 25 May 2020 and amended at the Extraordinary General Meeting on 18 November 2020, and published on the company's website. 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 Annual General Meeting to be held on 25 May 2023.

THE REMUNERATION POLICY FOR THE EXECUTIVE DIRECTOR

The objective of the Remuneration Policy is to attract, engage, incentivise and retain a highly-skilled and qualified executive Director in order to achieve the company's strategic and operational objectives. It is designed to:

- be simple, effective and transparent;
- support ownership mentality and entrepreneurship; and
- align the remuneration of the executive Director with the successful delivery of JDE Peet's' long-term strategy and shareholder value creation.

When designing the Remuneration Policy, the Remuneration, Selection and Appointment Committee 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 Committee 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 a peer group of global companies with which JDE Peet's competes for executive talent, considering compensation levels and trends in the market as well as international remuneration standards.

The Remuneration Policy comprises the following main elements:

Remuneration element	Design per Remuneration Policy	Implementation in 2022	Link to strategy
Annual base fee	- Fixed cash compensation, aligned with executive Director's experience and scope of responsibilities - Aimed around the median of the peer group	- Base fee for the executive Director EUR 1.125 million	- Provide a fair and competitive basis to attract, engage and retain an executive Director of the high-est caliber
Short-term Incentive	- Performance-related short-term incentive paid in cash (or in company shares) subject to the achievement of annual targets - Target level aimed around the median of the peer group - Target up to 155% of base fee	- Paid out in cash - Target of 100% of base fee. Maxi-mum capped at 200%	- Ensure executive alignment with, and incentivise the delivery of, annual business priorities
Long-term Incentive ("LTI")	- Awards of Restricted Share Units (RSUs) which are settled in shares on vesting - Forms a substantial part of the total remuneration - Positioned around the upper quartile of the peer group - Grant capped at 500% of base fee	- Grant value of 444% of base fee	- Incentivise long-term value creation and align the long-term interests of the executive Director with those of shareholders
Retirement and other benefits	- Defined contribution plan and allowance to compensate for the salary above maximum pensionable cap - Other benefits cover health, disability and life insurance, and mobility allowance - Aligned with Dutch market practice	- In line with Policy	- Provide competitive retirement and other benefits to support recruitment and retention

EXECUTIVE DIRECTOR REMUNERATION IN 2022

The remuneration of the executive Director is determined by the Board, following a recommendation from the Remuneration, Selection and Appointment Committee with due observance of the Remuneration Policy.

In 2022, the executive Director was:

Executive Director	Position
Fabien Simon	Chief Executive Officer

During the year, the Remuneration, Selection and Appointment Committee conducted its periodic review of the executive Director's remuneration. The Committee considered external benchmark data against the company's global peer group, the performance of the executive Director and the company (including progress under the company's ESG programme, Common Grounds), the scope of responsibilities of the executive Director as well as external and internal salary movements.

The Committee concluded that an adjustment was required for 2022 to bring the executive Director's base fee closer to the policy of positioning around the median of the company's global peer group.

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 caliber of executive Director required to devise and execute JDE Peet's' strategy.

The annual base fee of the executive Director for 2022 was EUR 1.125 million.

SHORT-TERM INCENTIVE

The executive Director participated in the short-term incentive plan. The target short-term incentive for 2022 remained at 100% of the annual base fee, whereby the maximum payout opportunity was capped at 200% of the target (2021: 250%). 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 2022 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)
- 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. The total bonus multiplier can range from zero for below threshold performance to 200% of target in case of exceptional performance (reduced from 250% in 2021). 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 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 Remuneration, Selection and Appointment Committee reviewed the actual performance of the company during 2022 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.

In our 2021 Remuneration Report, we increased transparency on our actual performance by including ranges for the achieved performance results. The actual performance results for the short-term incentive plans were not disclosed since this information is considered to be commercially sensitive. However, in our ongoing dialogue with shareholders and proxy advisors, we have committed to further increasing transparency in this year's report.

In line with this commitment, we are providing additional disclosure of outcomes for each performance measure within the short-term incentive plan.

Net sales, net of commodity inflation/deflation X Adjusted Earnings Before Intrest & Tax (EBIT) X Average Operating Working Capital (OWC) improvement = TOTAL MULTIPLIER

FINANCIAL YEAR 2022

Performance measure	Link with business strategy	Actual performance in 2022	Actual multiplier in 2022
Net Sales, net of commodity inflation/deflation	Revenue growth	Below target	0.70x
Adjusted Earnings Before Interest & Tax	Income from operations of our core business	Above target	1.07x
Average Operating Working Capital improvement	Improvement in liquidity	At maximum	1.11x

Total Multiplier: 0.83x of target, calculated as follows: 0.70 x 1.07 x 1.11.
The realised performance resulted in a pay-out of EUR 933,750 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 2022, the Board decided to grant to the executive Director Restricted Share Units (RSUs) with a value equal to 444% of his annual base fee, lower than the maximum award value of 500% under the Policy. The LTI grant is aimed at encouraging ownership, incentivizing 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 2022 and previous periods is included in the Total Remuneration section.

The RSUs granted to the executive Director in 2022 will vest on the third anniversary of the award, subject to continuous employment. Outstanding RSUs will automatically lapse upon termination of employment before the end of the vesting period.

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 through an indirect interest in JDEP Holding BV. The investments are matched on a 1-for-1 basis from the company, within the limits specified in the Remuneration Policy. During 2022, an additional investment was made by the executive Director as shown in the Total Remuneration section.

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 114,866 in 2022 (2021: EUR 112,189) and were paid gross into the defined contribution plan. The executive Director received a cash allowance to compensate for the above maximum pensionable cap.

In addition to retirement benefits, the executive Director is entitled to a monthly mobility allowance and other benefits in kind such as a health, disability and life insurance, and reimbursement for reasonable costs and expenses.

JDE Peet's (through its subsidiary) 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 2022. 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 all new executive Directors is four years, subject to reappointment by the Annual General Meeting. 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 Annual General Meeting 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 2022, 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.

TOTAL REMUNERATION FOR THE EXECUTIVE DIRECTOR IN 2022

Total gross remuneration of the executive Director in 2022 and 2021 is presented in the table below (all in EUR):

Executive Director	Year	Fixed remuneration	Variable remuneration		Benefits		Total remuneration	Proportion fixed - variable remuneration[55]
		Annual base fee	Short-term incentive	Long-term incentive[56]	Retirement benefits	Other benefits		
Fabien Simon	2021	1,000,000	1,400,000	750,004	86,627	224,778	3,461,409	38%-62%
	2022	1,125,000	933,750	1,572,584	97,315	231,204	3,959,853	37%-63%

The table below provides an overview of the long-term incentive grants and EOP at market value at 31 December 2022:

Executive Director	Grant year	Type	Share price at grant date	Units granted in 2022	Shares purchased in 2022	Outstanding at 31 December 2022	Vesting date	Dividend 2022	Market value at 31 December 2022[57]
Fabien Simon	2020	LTI	EUR 35.70			84,034	23 September 2025		EUR 2,270,599
	2020	EOP	EUR 34.07			675,080	7 September 2025	EUR 472,556	EUR 18,240,662
	2021	LTI	EUR 27.38			109,570	23 September 2026		EUR 2,960,581
	2021	LTI	EUR 25.90			77,221	15 December 2024		EUR 2,086,511
	2022	LTI	EUR 26.03	38,425		38,425	19 January 2025		EUR 1,038,244
	2022	LTI	EUR 29.96	100,134		100,134	23 September 2025		EUR 2,705,621
	2022	LTI	EUR 27.72	36,076		36,076	15 December 2025		EUR 974,774
	2022	EOP [58]	EUR 27.72		72,202	72,202	15 December 2025		EUR 1,950,898

55 Proportion fixed – variable remuneration reflects the comparison between fixed (annual base fee, retirement and other benefits) and variable remuneration (short and long-term incentive).
56 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 2022 reflects this year's allocation of the LTI grants made in the period 2020-2022.
57 JDE Peet's share price at 31 December 2022 was EUR 27.02.
58 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[59].

	2022	2021	2020
Executive Director Remuneration			
Executive Director - Fabien Simon	EUR 3,959,853	EUR 3,461,409	EUR 801,365 (EUR 2,520,361 on an annualised basis)[60]
Company performance			
Revenue	EUR 8,151 million	EUR 7,001 million	EUR 6,651 million
Adjusted EBIT	EUR 1,227 million	EUR 1,304 million	EUR 1,278 million
Average annual remuneration of employees			
Average annual remuneration on FTE basis	EUR 61,914	EUR 57,705	EUR 53,832

The pay-ratio for 2022 is 64.0 (2021: 60.0)[61].

59 As JDE Peet's N.V. listed in May 2020, we disclose executive and non-executive Directors' remuneration related to years 2020-2022 rather than the five years required by the Dutch Civil Code.
60 As the executive Director was appointed in November 2020, both the actual and annualised remuneration for 2020 has been included.
61 For the pay-ratio, the executive Director's pay reflects the actual total 2022 remuneration as shown earlier in this report. The average employee pay is calculated as the total 2022 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 - 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 Board 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. The Committee conducts a periodic benchmarking exercise to ascertain whether the fees for non-executive Directors are competitive, fair and reasonable. In line with the Dutch Corporate Governance Code, their remuneration is not linked to company or individual performance. The company does not provide personal loans to the non-executive Directors.

The Remuneration Policy for non-executive Directors is simple and transparent in design and comprises the following elements:

Remuneration element	Design per Remuneration Policy	Implementation in 2022	Link to strategy
Annual retainer & Committee fees - cash	- Annual retainer reflecting the responsibilities and expected time commitment	Annual retainer: - Board Chair EUR 250,000 - Lead independent Director EUR 150,000 - Members EUR 100,000 Committee Chair: - EUR 50,000	- Provide fair and competitive reward to attract and retain non-executive Directors of the required caliber
Annual retainer - shares	- Awarded in Restricted Share Units (RSUs) - Maximum annual value is 150% of annual cash retainer fee	- Value of 150% of the annual cash retainer (100% for Board Chair and Lead Independent Director)	- To attract and retain highly competent non-executive Directors, to encourage ownership and proprietary interest in the company
Reimbursement expenses	- Reimbursement of all reasonable incurred expenses made in fulfilling Board duties	- In line with Policy	- To align with market practice

TOTAL REMUNERATION FOR NON-EXECUTIVE DIRECTORS

All non-executive Directors receive an annual cash retainer with additional fees paid to the Chairs of the Audit and the Remuneration, Selection and Appointment Committees, reflecting the responsibilities and expected time commitment of each role. In addition, all non-executive Directors received an annual retainer in shares in the form of RSUs, equal to 150% of the individual's cash retainer for Board membership (100% for the Board Chair and Lead Independent Director). The RSUs granted to the non-executive Directors in 2022 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 2022, comprising only fixed remuneration, was as follows:
In EUR

Non-executive Director[62]	Fees in cash	Fees from subsidiaries	Fees in shares[63]	Total 2022	Total 2021
Olivier Goudet	250,000	13,069	259,712	522,781	659,477
Luc Vandevelde	150,000		47,764	197,764	188,909
Patricia Capel	25,758	14,258	N.A.	40,016	N.A
Joachim Creus	100,000		47,764	147,764	138,909
Frank Engelen	100,000		39,386	139,386	124,375
Ana García Fau	64,015		3,236	67,251	N.A
Peter Harf	111,051		114,396	225,447	188,909
Denis Hennequin	100,000		47,764	147,764	138,909
Jeroen Katgert	64,015		3,236	67,251	N.A
Paula Lindenberg	64,015		3,236	67,251	N.A
Stuart MacFarlane	130,114		47,764	177,878	138,909
Aileen Richards	138,949		47,764	186,713	138,909
Laura Stein	64,015		3,236	67,251	N.A

No loans or guarantees were granted to the non-executive Directors in 2022.

62 During 2022 Laura Stein, Ana García Fau and Paula Lindenberg were appointed as new members of the Board. Jeroen Katgert and Patricia Capel started as stand-in members of the Board and their appointment will be up for approval at the 2023 Annual General Meeting.
63 The fees in shares value reflects the accounting costs in accordance with IFRS.

Former non-executive Directors

Non-executive Director[64]	Fees in cash	Fees in shares	Total 2022	Total 2021
Genevieve Hovde	36,364	N.A	36,364	138,909
Gerhard Pleuhs	36,364	47,764	84,128	138,909
Alejandro Santo Domingo	36,364	N.A	36,364	138,909
Justine Tan	53,968	N.A	53,968	138,909
Nelson Urdaneta	37,500	47,764	85,264	188,909

The table below provides an overview of the RSU grants in 2022:

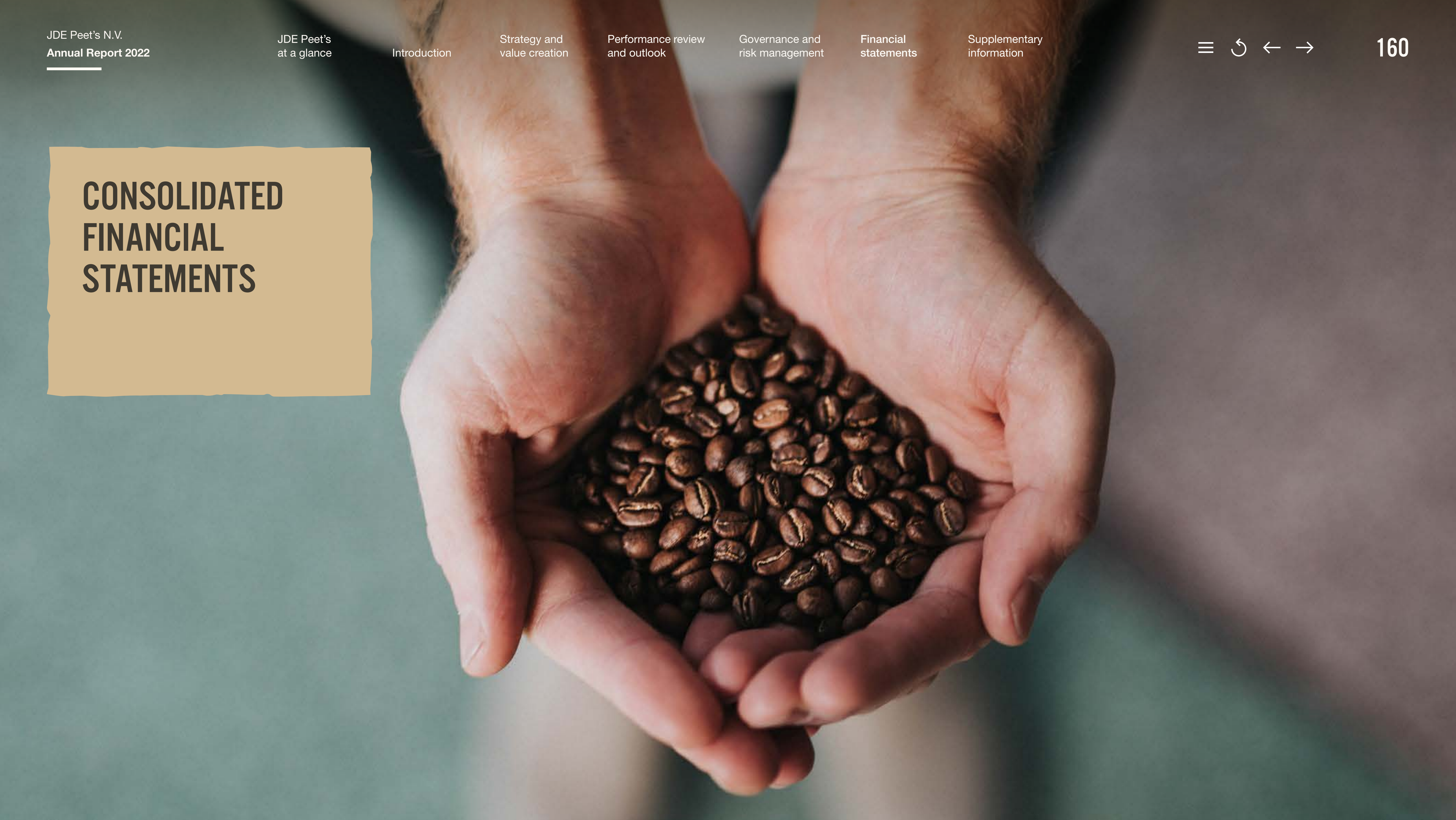
Non-executive Director	Grant date	Share price at grant date	Units granted in 2022	Grant value (EUR)	Vesting date	Units outstanding from previous years	Total units outstanding at 31 December 2022	Market value at 31 December 2022 (EUR)[65]
Olivier Goudet	23/03/2022	EUR 27.20	9,192	250,000	23/3/2027	12,176	21,368	577,363
Luc Vandevelde			5,515	150,000		7,306	12,821	346,423
Joachim Creus			5,515	150,000		7,306	12,821	346,423
Frank Engelen			5,515	150,000		5,259	10,774	291,113
Peter Harf			5,515	150,000		7,306	12,821	346,423
Denis Hennequin			5,515	150,000		7,306	12,821	346,423
Stuart MacFarlane			5,515	150,000		7,306	12,821	346,423
Aileen Richards			5,515	150,000		7,306	12,821	346,423
Ana García Fau[66]	23/09/2022	EUR 29.96	3,224	96,570	23/9/2027	N.A.	3,224	87,112
Jeroen Katgert			3,224	96,570		N.A.	3,224	87,112
Paula Lindenberg			3,224	96,570		N.A.	3,224	87,112
Laura Stein			3,224	96,570		N.A.	3,224	87,112

64 Nelson Urdaneta, Genevieve Hovde, Alejandro Santo Domingo, Gerhard Pleuhs, and Justine Tan stepped down in 2022. The outstanding RSUs for Genevieve Hovde, Alejandro Santo Domingo and Justine Tan lapsed upon their stepping down. For the Mondelez Coffee HoldCo B.V. designated non-executive Directors, Gerhard Pleuhs and Nelson Urdaneta, RSUs are not lapsed upon stepping down from the Board, in line with the Remuneration Policy.
65 JDE Peet's' share price at 31 December 2022 was EUR 27.02.
66 The RSU grants of Ana Garcia Fau, Jeroen Katgert, Paula Lindenberg and Laura Stein include a pro-rata part for their Board activities in 2022 (per the start of their appointment).

REFLECTION OF LAST YEAR'S ADVISORY VOTE AND CONFIRMATION OF NO DEVIATION FROM THE REMUNERATION POLICY

During the 2022 Annual General Meeting of Shareholders, our shareholders approved our Remuneration Report (advisory vote 91.88% in favour). The Remuneration, Selection and Appointment Committee has sought input from our shareholders and proxy advisors to further improve the quality of our Remuneration Report. While we already increased the level of transparency for our short-term incentive plan in the 2021 report, we have taken additional steps to further increase transparency in this report.

For both the executive and non-executive Directors, JDE Peet's did not deviate from the Remuneration Policy in 2022.



CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENTS

CONSOLIDATED INCOME STATEMENT

For the years ended 31 December 2022 and 31 December 2021

In EUR million, unless stated otherwise

	Note	2022	2021
Revenue	2.2	8,151	7,001
Cost of sales	2.3	(5,146)	(4,028)
Selling, general and administrative expenses	2.3	(2,056)	(1,865)
Operating profit		**949**	**1,108**
Finance income	5.4	68	24
Finance expense	5.4	1	(149)
Share of net loss of associates		—	(1)
Profit before income taxes		**1,018**	**982**
Income tax expense	8	(257)	(220)
Profit for the period		**761**	**762**

ATTRIBUTABLE TO:	Note	2022	2021
Owners of the parent		771	765
Non-controlling interest		(10)	(3)
Profit for the period		**761**	**762**
Earnings per share:			
Basic earnings per share (in EUR)	2.4	1.57	1.53
Diluted earnings per share (in EUR)	2.4	1.55	1.51

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2022 and 31 December 2021

In EUR million

	Note	2022	2021
Profit for the period		761	762
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	10	172
Items that may be subsequently reclassified to profit or loss			
- Foreign currency translation		52	116
- Net investment hedge		(27)	(16)
- Effective portion of cash flow hedge - foreign exchange contracts	6	(46)	36
- Effective portion of cash flow hedge - interest rate contracts	6	—	48
Other comprehensive income/(loss)		**(11)**	**356**
Total comprehensive income/(loss) for the period		**750**	**1,118**
Attributable to:			
Owners of the parent		770	1,116
Non-controlling interest	5.1	(20)	2
Total comprehensive income/(loss) for the period		**750**	**1,118**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022 and 31 December 2021

In EUR million

	Note	2022	2021
Assets			
Non-current assets:			
- Goodwill and other intangible assets	3.2	17,084	16,903
- Property, plant and equipment	3.4	1,740	1,683
- Deferred income tax assets	8	35	66
- Derivative financial instruments	6.7	46	31
- Retirement benefit asset	9.1	413	498
- Other non-current assets	9.3	86	129
		19,404	**19,310**
Current assets:			
- Inventories	4.1	1,356	872
- Trade and other receivables	4.2	828	711
- Derivative financial instruments	6.7	28	57
- Income tax receivable		24	9
- Net assets held-for-sale		19	2
- Cash and cash equivalents	5.3	967	662
		3,222	**2,313**
Total assets		**22,626**	**21,623**

	Note	2022	2021
Equity and liabilities			
Equity:			
- Share capital	5.1	5	5
- Share premium		9,997	9,975
- Treasury stock		(471)	—
- Other reserves / (deficits)		(313)	(340)
- Retained earnings		1,834	1,383
- **Equity attributable to the owners of the Company**		**11,052**	**11,023**
- Non-controlling interest		80	138
		11,132	**11,161**
Non-current liabilities:			
- Borrowings	5.2	4,888	4,784
- Retirement benefit liabilities	9.1	149	248
- Deferred income tax liabilities	8	1,265	1,228
- Derivative financial instruments	6.7	—	32
- Provisions	9.2	33	25
- Other non-current liabilities	9.4	110	156
		6,445	**6,473**
Current liabilities:			
- Borrowings	5.2	79	91
- Trade and other payables	4.3	4,704	3,696
- Income tax liability		88	105
- Provisions	9.2	39	32
- Derivative financial instruments	6.7	139	65
		5,049	**3,989**
Total equity and liabilities		**22,626**	**21,623**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2022 and 31 December 2021

In EUR million

	Share capital	Share premium	Retirement benefit obligation related items	Currency translation reserve	Cash flow hedge reserve	Total other comprehensive income	Share-based payments reserve	Retained earnings	Total equity attributable to the shareholders of the Company	Non-controlling interest	Total equity
Balance — As of 31 December 2020	5	9,907	97	(768)	(59)	(730)	36	984	10,202	129	10,331
- Profit for the period	—	—	—	—	—	—	—	765	765	(3)	762
- Retirement benefit obligation	—	—	171	—	—	171	—	—	171	1	172
- Foreign currency translation	—	—	12	100	—	112	—	—	112	4	116
- Foreign currency contracts	—	—	—	—	36	36	—	—	36	—	36
- Net investment hedge	—	—	—	(16)	—	(16)	—	—	(16)	—	(16)
- Interest rate swaps[53]	—	—	—	—	48	48	—	—	48	—	48
Total Comprehensive Income/(Loss)	**—**	**—**	**183**	**84**	**84**	**351**	**—**	**765**	**1,116**	**2**	**1,118**
- Share-based payment transactions	—	—	—	—	—	—	3	(1)	2	—	2
- Dividends	—	—	—	—	—	—	—	(351)	(351)	(1)	(352)
- Issuance of shares	—	68	—	—	—	—	—	—	68	—	68
- Other transactions with shareholders	—	—	—	—	—	—	—	(14)	(14)	8	(6)
Balance — As of 31 December 2021	**5**	**9,975**	**280**	**(684)**	**25**	**(379)**	**39**	**1,383**	**11,023**	**138**	**11,161**

[53] An amount of EUR 19 million was recycled from the cash flow hedge reserve to the income statement following the termination of the hedge relationships during the year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the years ended 31 December 2022 and 31 December 2021

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 — As of 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 — As of 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 — As of 31 December 2022	**5**	**9,997**	**(471)**	**276**	**(635)**	**(21)**	**(380)**	**67**	**1,834**	**11,052**	**80**	**11,132**

During the Annual General Meeting of Shareholders on 11 May 2022, a dividend of EUR 0.70 per share was approved, payable in two instalments of EUR 0.35 on 15 July 2022 and 27 January 2023. The dividend payable as at 31 December 2022 amounted to EUR 169 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 2022 and 31 December 2021

In EUR million

	Note	2022	2021
Profit for the period		761	762
Adjustments for:			
- Depreciation, amortisation and impairments	3.4, 3.2	417	394
- Defined benefit pension expense	9.1	5	10
- Share-based payments	7.1	33	34
- (Gain) / loss on sale of property, plant, equipment and intangible assets		23	5
- Income tax expense	8	257	220
- Interest income on bank accounts and other	5.4	(64)	(22)
- Interest expense	5.4	85	134
- Provision charges	9.2	28	5
- Derivative financial instruments		(332)	(189)
- Foreign exchange (gains) / losses	5.4	263	129
- Other		13	(9)
Changes in operating assets and liabilities:			
- Inventories	4.1	(470)	(139)
- Trade and other receivables	4.2	(142)	(42)
- Trade and other payables	4.3	985	520
Pension payments	9.1	(8)	(11)
Payments of provisions	9.2	(13)	(41)
Realised foreign exchange (gains) / losses		(249)	(88)
Receipts / (payments) of derivative financial instruments		252	156
Income tax payments		(238)	(205)
Net cash provided by operating activities		**1,606**	**1,623**

	Note	2022	2021
Cash flows from investing activities:			
Purchases of property, plant and equipment	3.4	(239)	(239)
Purchases of intangibles	3.2	(9)	(16)
Proceeds from sale of property, plant, equipment and intangible assets		10	7
Proceeds from disposal of subsidiary		—	4
Acquisition of businesses, net of cash acquired	3.1	(127)	(68)
Loans provided	7.2	5	(1)
Interest received		64	22
Other investing activities		3	(2)
Net cash used in investing activities		**(293)**	**(293)**
Cash flows from financing activities:			
Additions to borrowings	5.2	171	9,813
Repayments from borrowings	5.2	(295)	(10,613)
Proceeds from / (repayments to) issuing ordinary shares	5.1	—	5
Share buyback transaction		(500)	—
Receipts from / (payments to) derivative financial instruments	6.7	69	(19)
Dividend paid to shareholders	5.1	(345)	(176)
Interest paid		(68)	(119)
Investments / (divestments) by non-controlling shareholders	5.1	(33)	8
Other financing		(19)	(6)
Net cash used in financing activities		**(1,020)**	**(1,107)**
Effect of exchange rate changes on cash		11	25
Net increase/(decrease) in cash and cash equivalents		304	248
Cash and cash equivalents – at the start of period		662	414
Adjustment for hyperinflationary accounting		1	—
Cash and cash equivalents — as of 31 December[54]	5.3	**967**	**662**

The accompanying notes are an integral part of these financial statements.

[54] Cash and cash equivalents include restricted cash of EUR 50 million at 31 December 2022 (31 December 2021: EUR 41 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 the accounting policies 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 key accounting estimates and judgements
3. Changes in accounting policies for 2022
4. Basis of consolidation
5. Accounting policies, not attributable to a specific section
6. Macro-economic environment.

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 is currently a public company (naamloze vennootschap, N.V.) and is 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").

As at 31 December 2022, Lucresca SE, Agnaten SE, Mawer Investment Management Ltd. and Mondelēz International, Inc disclosed a capital and/or voting interest of 3 per cent or more 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 2022 include the financial information of the Company and its subsidiaries (together "JDE Peet's").

These consolidated financial statements were authorised for issuance on 8 March 2023 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 4,200 cups of coffee or tea per second. JDE Peet's unleashes the possibilities of coffee and 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 2022, JDE Peet's generated total sales of EUR 8 billion and employed a global workforce of 20,710 employees. Read more about our journey towards a coffee and 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–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.
- 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. As at 31 December 2022, 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.

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
3.3 Impairment of non-current assets	Assumptions used in impairment testing
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.
8 Income taxes	Estimating the likelihood of income tax liabilities and assessment of the recoverability of tax losses carried forward
9.2 Restructuring, Legal and other provisions	Estimating the likelihood and timing of potential cash flows relating to claims, litigation and restructuring
9.4 Other non-current and current liabilities	Assumptions used with respect to the share-based payment liability regarding forfeitures and measurement of the fair value share prices
9.1 Post-employment benefits	Assumptions used in determination of pension assets, pension liabilities, commitments and pension costs.
7.1 Share-based payments	Assumptions regarding forfeitures and measurement of the fair value share price
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. In 2022, specific focus firstly 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, cashflow projections of management's initiatives and the discount rate. Secondly, the CPG LARMEA discount rate had significant focus because of the country risk premium developments as a result of geopolitical and macroeconomic circumstances in some markets.
6.7 Fair value of derivatives and other financial instruments	Assumptions in relation to market input of fair value of derivatives
Climate Change	JDE Peet's has assessed the impact of climate change, including transitional and physical risks related to climate change, as part the the requirement of the Task Force on Climate-related Financial Disclosures ("TCFD") 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 2022:

- References to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020 – Amendments to IFRS 1 Subsidiary as a First-time Adopter, IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities, IFRS 16 Lease incentives, and IAS 41 Taxation in Fair Value Measurements

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not significantly affect the current or future periods.

New Standards, Amendments and Interpretations issued, but not effective for the year ended 31 December 2022 and not Early Adopted

Certain new accounting standards (IFRS 17 Insurance Contracts; 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 and IFRS Practice Statement 2 - Disclosure of accounting policies; Amendments to IAS 8 - Definition of accounting estimates; Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction; Amendments to IAS 1 - Non-current liabilities with Covenants; Lease liability in a sale and leaseback - Amendments to IFRS 16) have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted. The Company is currently investigating the impact of these accounting standards.

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.

1.5 ACCOUNTING POLICIES, NOT ATTRIBUTABLE TO A SPECIFIC SECTION

Accounting convention

The financial statements are prepared on a historical cost basis except for financial instruments, financial liabilities in relation to share-based payments and pension plan assets, which are recognised at fair value.

Leases

As lessor

Finance leases—JDE Peet's recognises assets it expects to lease to customers under finance leases as inventory on its statements of financial position. These finance leases relate mainly to coffee machines. JDE Peet's derecognises the inventory when a finance lease is entered into and recognises a receivable at an amount equal to the net investment in the lease. Subsequently, finance income is recognised based on a pattern reflecting a constant periodic rate of return on that net investment.

Operating leases—Lease income from assets on operating lease mainly relating to coffee machines to customers is recognised in the income statement on a straight-line basis over the lease term. Initial direct costs and installation costs incurred in negotiating the leases are added to the carrying amount of the leased asset, which is included in property, plant and equipment, and recognised as depreciation expense over the lease term on the same basis as the lease income. The Depreciation Policy for depreciable leased assets is consistent with the JDE Peet's normal Depreciation Policy for similar assets.

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 as 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).

Borrowing Costs—Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or are sold. All other borrowing costs are recognised as expense in the period in which they are incurred.

Comparative figures—Where applicable, 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.

Advertising Expense—Advertising costs, which include the development and production of advertising materials and the communication of this material through various forms of media, are expensed in the period in which title to the advertising campaign is received. Advertising expense is recognised in selling, general and administrative expenses in the income statement.

Offsetting financial assets and financial liabilities

If JDE Peet's has a legal right to offset financial assets with financial liabilities and if JDE Peet's intends either to settle on a net basis or to realise the asset and settle the liability simultaneously, financial assets and liabilities are presented in the statement of financial position as a net amount.

Foreign currency translation

Functional currency—The individual financial statements of the entities included in the consolidated financial statements are measured in the currency of the primary economic environment in which the entity operates (its functional currency).

Presentation currency—For the purpose of these financial statements, the results and financial position of JDE Peet's are measured in Euro, its presentation currency.

Foreign currency transactions and balances—Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to the functional currency using period-end exchange rates.

Foreign currency exchange gains and losses resulting from the settlement of foreign currency transactions and balances, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Foreign exchange gains and losses are presented in the income statement within finance expense, except for the foreign currency gains and losses on green coffee beans, which are included in cost of sales, to the extent hedge accounting applies.

Foreign operations—Apart from the financial statements of group companies in hyperinflationary economies (see below), the results and financial position of all entities included in the financial statements that have a functional currency different from the presentation currency (euro) are translated into the presentation currency as follows:

- Income and expenses are translated at average monthly exchange rates
- Balance sheet items are translated at the period-end exchange rate at the balance sheet date.

The resulting exchange differences are recognised as foreign currency translation in Other Comprehensive Income ("OCI"). When an operation with a functional currency other than the euro is sold, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

The financial statements of group companies whose functional currency is the currency of a hyperinflationary economy are adjusted for inflation and then translated into euros using the balance sheet exchange rate. Amounts shown for prior years for comparative purposes are not adjusted.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the period-end exchange rate.

Subsidiary—If the ownership interest in a subsidiary is reduced but control is retained, only a proportionate share of the amounts previously recognised in OCI is reclassified to the income statement where appropriate.

Exchange rates used in financial statements

The following exchange rates are the most relevant in the financial statements:

Currency	2022	2021
US dollar		
Opening rate	0.880	0.819
Average	0.951	0.845
Ending rate	0.934	0.880
Brazilian real		
Opening rate	0.158	0.158
Average	0.184	0.157
Ending rate	0.177	0.158
Russian ruble		
Opening rate	0.012	0.011
Average	0.014	0.011
Ending rate	0.013	0.012
Pound sterling		
Opening rate	1.190	1.120
Average	1.174	1.163
Ending rate	1.129	1.190
Australian dollar		
Opening rate	0.639	0.630
Average	0.659	0.635
Ending rate	0.636	0.639
Singapore dollar		
Opening rate	0.652	0.620
Average	0.689	0.629
Ending rate	0.697	0.652

IAS 29 Financial Reporting in Hyperinflationary Economies

In April 2022, the economy of Turkey reached an accumulative inflation in access of 100% over the past three years and triggered JDE Peet's to apply hyperinflationary accounting (IAS 29 **Financial Reporting in Hyperinflationary Economies**). IAS 29 requires that the results of JDE Peet's' Turkish subsidiaries be reported as if these were highly inflationary as of 1 January 2022.

Under IAS 29, 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 re-measured 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.

For restating, the following Turkish consumer price indices were used:

Date	Consumer price index
1 January 2022	686.95
31 December 2022	1,128.45

Any net monetary gain or loss is reported as part of the finance expense, which was a loss of EUR 3 million for the period.

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 MACRO-ECONOMIC ENVIRONMENT

The pandemic and related restrictions continued to have an impact on conditions in a limited number of markets in 2022. The volatility of the global supply chains after the restrictions were lifted in most markets had an impact on transport, logistics and commodity prices for the Company. The uncertainty in the economic environment was further magnified because of the Russian invasion in Ukraine. The impact of these volatilities impacted JDE Peet's with increased inventory levels, trade receivables and trade payables, as well as a result of the increased commodity prices. JDE Peet's continues to closely monitor developments that impact the macro-economic environment and closely monitors the exposure for the Company.

JDE Peet's continues to focus on forecasting (including liquidity needs), whereby scenario planning and stress testing is performed on its financial estimates and judgements. The Company's liquidity position remained strong, with total liquidity of EUR 2.4 billion consisting of a cash position of EUR 0.9 billion (excluding restricted cash) and an undrawn committed Revolving Credit Facility of EUR 1.5 billion.

1.7 UPDATE ON THE WAR IN UKRAINE

JDE Peet's continuously monitors developments related to the war in Ukraine. The Company's first priority has been and continuous to be the safety and well-being of its employees in the region. 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 has discontinued investments in advertising and promotion of its international brands, 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' manufacturing facility in Trostyanets, Ukraine, was damaged as a result of the war. The total loss related to the damage of the factory, equipment and inventory was approx. EUR 8 million to date, which was recognised as part of the adjusting items. The factory reopened in June 2022. JDE Peet's continuously monitors the valuation of the Company's assets in Russia and Ukraine, including an evaluation of the uncertainties resulting from the war on the goodwill and intangible assets of the CPG LARMEA segment. In particular, the discount rate received significant attention, given the rise in market risk premiums in these countries.

Continuous monitoring to ensure compliance with EU and other applicable sanctions remains ongoing.

2. GROUP OPERATING PERFORMANCE

2.1 SEGMENT INFORMATION

The operating segments are CPG Europe, CPG LARMEA, CPG APAC, Out-of-Home 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 in different regions of the world. Therefore, none of the operating segments are aggregated. JDE Peet's is operating as one group.

As of 1 January 2021, Out-of-Home Australia and New Zealand transferred from Out-of-Home to the CPG APAC segment following a change in the local management structure. EUR 58 million of goodwill was reallocated from the Out-of-Home segment to CPG APAC following the change in management structure.

CPG Europe, LARMEA and APAC: Within these 3 CPG segments, JDE Peet's principal products are roast and ground multi-serve coffee, roast and ground single-serve coffee pads and capsules, instant coffee & tea. JDE Peet's sells its products predominantly through traditional and modern retail trade, like supermarkets, hypermarkets and e-commerce channels. CPG Europe includes the business activities in Europe, excluding some Eastern Europe countries. CPG LARMEA includes the business activities in Latin America, Middle East, Eastern Europe and Africa and CPG APAC includes the business activities in the Asia-Pacific region.

Out-of-Home: The Out-of-Home operating segment offers a full range of hot beverage products including liquid roast products and related coffee machines and services. The products are sold either directly to businesses, hotels, hospitals and restaurants or to foodservice distributors for distribution to the customer. The Out-of-Home segment excludes the Out-of-Home portion related to Peet's.

Peet's: The Peet's operating 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 reconcile to the total business results. Unallocated comprises head-office costs for both JDE and Peet's (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 in order to review operating results, assess performance and make resource allocation decisions.

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 profit 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.
4. 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.
5. 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 futures. Unrealised mark-to-market adjustments relate to results on green coffee futures 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.
6. 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 re-measured 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):

	2022	2021
CPG Europe[55]	3,640	3,573
CPG LARMEA	1,616	1,091
Peet's	1,141	903
Out-of-Home	908	723
CPG APAC[56]	814	684
Unallocated	32	27
Total	**8,151**	**7,001**

Reconciliation of Adjusted EBIT to most directly comparable GAAP measure (in EUR million):

	2022	2021
CPG Europe	807	1,089
CPG LARMEA	296	204
Peet's	147	118
Out-of-Home	119	90
CPG APAC	123	109
Unallocated	(265)	(306)
Adjusted EBIT	**1,227**	**1,304**
ERP system implementation	(8)	(15)
Transformation activities and corporate actions	(67)	(40)
Share-based payment expense	(37)	(32)
Mark-to-market results	(54)	(5)
Amortisation acquired intangible assets and M&A/Deal costs[57]	(112)	(104)
Operating profit[58]	**949**	**1,108**
Finance income	68	24
Finance expense	1	(149)
Share of net loss of associates	—	(1)
Profit before income taxes	**1,018**	**982**

55 For financial year 2022 CPG Europe includes EUR 11 million of revenue related to the L2M acquisition during the last 5.5 months of the year. Refer to note 3.1 Business combinations for more details.

56 For financial year 2021 CPG APAC includes EUR 16 million of revenue related to the Campos acquisition during the last six months of the year. Refer to note 3.1 Business combinations for more details.

57 This consistently includes amortisation related to intangible assets recognised or re-measured as part of purchase price allocations. In 2022 no result on disposal of businesses was recognised (2021: gain on disposal of EUR 9 million).

58 In 2022, EUR 214 million of the adjusting items (2021: EUR 199 million) was recognised in selling, general and administrative expenses and EUR 64 million (2021: EUR (3) million) in cost of sales.

Adjusted EBIT of the segments includes depreciation, which amounted to EUR 303 million (2021: EUR 287 million) (in EUR million):

	2022	2021
CPG Europe	76	77
CPG LARMEA	25	19
Peet's	80	66
Out-of-Home	49	51
CPG APAC	33	28
Unallocated	40	46
Total	**303**	**287**

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):

	2022	2021
United States	14%	13%
Germany	10%	12%
France	11%	12%
Netherlands	8%	9%
Rest of World	57%	54%
Total revenue	**100%**	**100%**

There are no individual customers that amount to 10% or more of JDE Peet's' revenue.

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 its activities as described below. Revenue is recognised when the goods and services are delivered at a point in time or overtime, 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 overtime. 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 financial lease or sale of coffee equipment is recognised at a point in time. Revenue derived from an 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 transfer 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 allocate the revenue of the total transaction price 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.
- **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 programs. 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 programs 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.

The total revenue from external customers, broken down by product is shown in the following table (in percentages of total revenue):

	2022	2021
Coffee	85%	85%
Tea	3%	3%
Other food and beverage	11%	10%
Services	1%	2%
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 Policy as is included in notes 3.2 Goodwill and other intangible assets and 3.4 Property, plant and equipment. 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 Inventories.

The aggregate of cost of sales and selling, general and administrative expenses is specified by nature as follows (in EUR million):

	Note	2022	2021
Cost of product[59]		4,248	3,267
Employee benefit expenses[60]		1,242	1,140
Other selling, general and administrative expenses[61]		1,286	1,088
Depreciation, amortisation and impairment	3.2, 3.4	417	394
Restructuring and restructuring related expenses		9	4
Total		**7,202**	**5,893**

Employee benefit expense—Employee benefit expenses are recognised when the related service is provided. For more details on accounting policies related to post-retirements obligation and share-based payments refer to note 9.1 and 7.1, respectively.

[59] Cost of product consists of raw materials (green coffee beans, tea leaves and other materials), associated indirect taxes, packaging, inbound freight and outsourced production services.

[60] Employee benefit expenses consist of wages, salaries, pension costs, share-based payments and related social security charges.

[61] Other selling, general and administrative expenses in the table above include costs for advertising and promotion, distribution, repairs, maintenance and utilities, amongst others.

Employee benefit expense (in EUR million):

	2022	2021
Wages and salaries	1,012	927
Social security charges	144	129
Pension costs	49	52
Share-based payments	37	32
Total	**1,242**	**1,140**

Employees by geographical area (average number of FTEs during the year):

	2022	2021
The Netherlands	2,101	2,151
Outside the Netherlands	17,885	17,415
Total	**19,986**	**19,566**

Specification audit fees (in EUR million):

	2022	2021
Audit of the financial statements	6.1	5.6
Audit related engagements	0.1	0.9
Other non-audit related services	0.2	0.1
Total	**6.4**	**6.6**
Which relate to:		
Deloitte Accountants B.V.	1.9	2.5
Network of Deloitte Accountants B.V.	4.0	3.9
Other external accountants	0.5	0.2

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:

	2022	2021
Earnings (in EUR million):		
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	771	765
Effect of dilutive potential ordinary shares on the earnings		
Effect of share-based payment plans held at the subsidiary level	—	—
Earnings for the purposes of diluted earnings per share	**771**	**765**
Number of shares		
Time-weighted average number of ordinary shares for the purposes of basic earnings per share	490,787,276	501,166,058
Adjustments for calculations of diluted earnings per share		
Share-based payment plans	6,294,600	5,667,626
Time-weighted average number of ordinary shares for the purposes of diluted earnings per share	**497,081,876**	**506,833,684**
Basic EPS (in EUR)	1.57	1.53
Diluted EPS (in EUR)	1.55	1.51

The total number of shares outstanding (excluding treasury shares) as at 31 December 2022 was 485,235,677 (2021: 501,951,089).

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 Share-based payments.

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 that 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 2022

On 12 July 2022, JDE Peet's acquired all shares in 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. L2M is part of the CPG Europe segment and in order to preserve L2M's strategy, the management team of CPG Europe is currently managing L2M separately from its other businesses.

Through this acquisition, JDE Peet's obtained control and is therefore considered a business combination according to 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.

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 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.

Acquisitions during 2021

On 1 July 2021, JDE Peet's acquired all shares in Campos Coffee. Through this transaction, JDE Peet's' coffee business in Australia is complemented in both the Out-of-Home and CPG segments. Campos Coffee is a specialty coffee leader in Australia that has built a strong and growing business over the years and is now available in over 600 cafés and present in multiple channels including direct-to-consumer, retail and its own flagship cafés.

Through this acquisition, JDE Peet's obtained control and is therefore considered a business combination according to IFRS 3 Business Combinations. Consequently, purchase price allocations of all identifiable assets and (contingent) liabilities acquired were performed. The purchase price allocations were finalised in the financial year 2021.

The factors that contributed to the recognition of goodwill include the acquisition of an assembled workforce, expected cost savings and initiatives that are expected to bring greater efficiency and standardisation. The goodwill is not deductible for tax purposes. Since the acquisition, Campos contributed revenue of EUR 16 million and net profit of EUR 0.4 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):

	Campos Coffee
Property, plant and equipment	8
Identified intangible assets	31
Cash and cash equivalents	2
Borrowings	(3)
Deferred income tax liabilities	(9)
Other net assets	1
Net assets acquired	**30**
Goodwill	52
Total consideration in cash for the acquisitions	**82**
Cash consideration paid in 2021	70
Subsequent cash considerations	12
Total consideration in cash for the acquisitions	**82**

Disposals during 2021

On 1 July 2021, JDE Peet's divested its business in Coffeecompany to Albron B.V., realising a net gain of EUR 2 million.

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, amongst others, 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
Opening balance as of 1 January 2021	**12,004**	**4,437**	**63**	**130**	**189**	**2**	**16,825**
Acquisitions in business combinations	52	25	—	—	6	—	83
Capital expenditures	—	—	16	—	—	—	16
Foreign currency translation	93	17	2	—	4	—	116
Amortisation expense	—	(52)	(24)	(22)	(36)	(2)	(136)
Other	(2)	—	1	(1)	(1)	2	(1)
Balance as of 31 December 2021	**12,147**	**4,427**	**58**	**107**	**162**	**2**	**16,903**
Cost	12,147	4,860	217	275	474	15	17,988
Accumulated amortisation	—	(433)	(159)	(168)	(312)	(13)	(1,085)
Balance as of 31 December 2021	**12,147**	**4,427**	**58**	**107**	**162**	**2**	**16,903**
Application of hyperinflationary accounting	19	18	—	—	—	—	37
Balance as of 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 as of 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 as of 31 December 2022	**12,366**	**4,459**	**46**	**84**	**127**	**2**	**17,084**

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.

Amortisation expense is included in the income statement as follows (in EUR million):

	2022	2021
Cost of sales	(1)	(1)
Selling, general and administrative expenses	(137)	(135)
Total	**(138)**	**(136)**

At 31 December, the principal acquired brands, all of which are regarded as having indefinite useful economic lives, are as follows (in EUR million):

	2022	2021
Jacobs	1,233	1,233
Douwe Egberts	668	668
Kenco	412	412
Moccona	214	214
Peet's	199	187
Pickwick	175	175
Gevalia	134	134
Maxwell House	118	118
Pilão	13	12
Friele	45	47
Other brands	47	44
Total	**3,258**	**3,244**

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. This test was performed 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. Indefinite lived trademarks and brands are tested for impairment as part of the associated CGU. 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, 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 cash-generating unit 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 cash-generating units. The most important estimates in determining the present value are the expected future cash flows, terminal growth and discount rates. The cash flow projections in the impairment assessment utilise those assumptions adopted in TCFD and broader climate and sustainability ambitions.

Growth rates are based on past performance, external market growth assumptions, and forecast trading conditions by JDE Peet's' management using a combination of business plans and growth assumptions into perpetuity reflecting expected long-term growth in the market. Discount rates are determined for its respective analyses of recoverability that are appropriate for the type, size and specific countries related to each operating segment.

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 on 31 December 2022 is EUR 12,366 million (2021: EUR 12,147 million) and indefinite lived intangible assets EUR 3,258 million (2021: EUR 3,244 million). The movement over the year is explained by the acquisition of L2M, adoption of hyperinflationary accounting and foreign currency translations related to goodwill and indefinite lived intangible assets.

The share of carrying value of the indefinite lived brands over the segments is as follows:

	2022	2021
CPG Europe	67%	69%
CPG LARMEA	10%	10%
Peet's	8%	7%
Out-of-Home	7%	7%
CPG APAC	8%	7%
Total	**100%**	**100%**

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 2022, also the recoverability of the cash-generating units 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 as per 31 December (in EUR million):

	2022	2021
CPG Europe	7,647	7,552
CPG LARMEA	673	612
Peet's	753	710
Out-of-Home	2,103	2,105
CPG APAC	1,190	1,168
Total	**12,366**	**12,147**

As of 1 January 2021, an amount of EUR 58 million of goodwill was reallocated from the Out-of-Home segment to CPG APAC following the change in management structure (refer to note 2.1 Segment information for more details).

As of the impairment testing date at 30 September 2022, 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 2027.

Terminal growth rates

The long-term annual inflation rate of the country is taken into account when calculating the terminal growth rate, and the inflation rate is adjusted to take into account circumstances specific to the asset or cash-generating unit. 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 cash-generating unit.

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):

			2022			2021
	PRE-TAX DISCOUNT RATE	TERMINAL GROWTH RATE	EBITDA MARGIN GROWTH	PRE-TAX DISCOUNT RATE	TERMINAL GROWTH RATE	EBITDA MARGIN GROWTH
CPG Europe	8.3%-16.7%	1.7%	1.7%	7.6%-12.2%	1.5%	0.9%
CPG LARMEA	8.4%-31.9%	3.5%	1.7%	8.7%-18.7%	3.4%	1.0%
Peet's	8.7%	2.5%	13.8%	8.6%	2.5%	14.6%
Out-of-Home	8.2%-10.3%	1.6%	0.3%	7.6%-8.8%	1.5%	1.0%
CPG APAC	8.9%-9.9%	1.8%	0.9%	7.9%-8.8%	1.6%	0.1%

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 2.1% for JDE and 2.5% for Peet's (2021: 1.9% for JDE and 2.5% for Peet's). The discount rate of CPG LARMEA increased following the rise in market risk premiums in the countries within that segment. Furthermore, JDE Peet's consideration of climate risks did not impact the discount rates used.

Impairment analysis

In 2022, the Out-of-Home segment continued to be impacted by recovery from lock-down and other government measures associated with the COVID-19 pandemic. As part of the 2022 annual impairment test, significant attention was given to the Out-of-Home segment including different scenarios for recovery rates and market developments. During the twelve-month period ended 31 December 2022, no triggering events were identified when evaluating the business performance of 2022, current and longer term projections, the discount rate and net book value as at 31 December 2022.

The realisation of goodwill continues to be dependent on the (pace of) further recovery of the relevant markets, uncertainty of the long-term adverse effects on e.g. working-from-home, hotels, bars, cafés and travel, and on effectiveness of management's initiatives. Next to the recoverability, management estimated the value creation from commercial and cost saving initiatives. Given the uncertainty resulting from the pandemic around cash flow projections, management ensured risk-adjustments were made.

CPG

For the CPG segments, 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. Especially, for the CPG LARMEA segment, the discount rate had significant focus because of the country risk premium developments as a result of geopolitical and macroeconomic circumstances in some markets.

Out-of-Home

For the Out-of-Home segment, the base case projecting cash flows for the next 5 years reflects the further recovery assumptions of the different customer channels within the segment to pre-COVID levels. These assumptions were made using third party observable data as much as possible. Significant attention was given to different scenarios for recovery rates and market developments. The realisation of goodwill is critically dependent on the (pace of) recovery of the relevant markets, uncertainty of the long-term adverse effects of e.g. working-from-home, hotels, bars, cafés and travel and on effectiveness of management's initiatives. Next to the recoverability, management estimated the value creation from commercial and cost saving initiatives approved as per the measurement date.

Business recovery from COVID-19

The recovery assumptions were evaluated at customer channel level, taking into account the estimated temporary or more structural effects of changes in behaviour around working-from-home, travelling and visiting hotels, restaurants, bars and cafés, etc. Each customer channel indicates a different curve in terms of timing as well as recovery ratio. Certain channels are expected to recover fast and in full, where other channels are expected to recover slower and/or not fully. During periods when lockdown measures were lifted, the business observed a solid recovery, based on which management built its business planning. Possible unforeseen adverse developments of the pandemic would have an adverse effect on recoverable amounts.

Commercial initiatives

Next to the recoverability of the baseline, management estimated the value creation from commercial initiatives committed at the measurement date. Given the uncertainty surrounding the cash flow projections, management ensured risk-adjustments were made.

Most of the commercial initiatives were ongoing, which were reassessed by management in terms of amount and timing of the expected cash flows in alignment with the recovery of the business.

Discount rate
The WACC used to discount the expected future cash flows was updated and overall decreased compared to last year. The WACC includes an additional risk premium in relation to the realisation of the cash flow projections.

Sensitivity analysis
In addition to the base case scenario, management prepared downside and upside scenarios. In the downside scenarios further risk-adjustments were made to cover for any potential (execution) risks to recover the business and/or the implementation of the commercial initiatives. Management is of the opinion that such potential risks were appropriately included in the cash flow projections and therefore no further risk adjustment to the WACC was deemed necessary. Management weighted the scenarios based on probability and additionally assessed the break-even point.

Conclusion
The base scenario as well as the probability-weighting of the alternative scenarios did not result in an indication of impairment. In addition, the cashflow projections to derive at the break-even point were assessed by management as low. However, realisation of assets is critically dependent on the further recovery of the relevant markets, uncertainty of the longer-term adverse effects on e.g. working-from-home, hotels, bars, cafés and travel and on the effectiveness of management's initiatives.

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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or are sold. All other borrowing costs are recognised as expense in the period in which they are incurred.

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 impact from climate risk.

The composition of property, plant and equipment is as follows (in EUR million):

	Note	2022	2021
Property, plant and equipment - owned assets	3.4.1	1,502	1,450
Right of use assets	3.4.2	238	233
Total		**1,740**	**1,683**

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
Opening balance as of 1 January 2021	444	790	139	18	1,391
Acquisitions in business	—	5	—	—	5
Capital expenditures	21	105	112	1	239
Disposals/other	2	(12)	—	—	(10)
Impairment	(1)	(3)	—	—	(4)
Foreign currency translation	15	16	2	(2)	31
Depreciation expense	(35)	(147)	—	(4)	(186)
Transfers	12	49	(78)	1	(16)
Balance as of 31 December	**458**	**803**	**175**	**14**	**1,450**
Cost	750	2,002	175	67	2,994
Accumulated depreciation	(292)	(1,199)	—	(53)	(1,544)
Balance as of 31 December	**458**	**803**	**175**	**14**	**1,450**
Application of hyperinflationary accounting	3	—	—	—	3
Balance as of 1 January 2022	**461**	**803**	**175**	**14**	**1,453**
Acquisitions in business	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 as of 31 December	**451**	**850**	**186**	**15**	**1,502**
Cost	764	1,850	186	67	2,867
Accumulated depreciation	(313)	(1,000)	—	(52)	(1,365)
Balance as of 31 December	**451**	**850**	**186**	**15**	**1,502**

Assets under construction primarily relate to production lines and buildings. Capital expenditures might differ from the cash flow statement due to the timing of payments.

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
Opening balance as of 1 January 2021	**165**	**37**	**7**	**209**
Acquisitions in business combinations	2	—	—	2
Recognition right-of-use asset	66	14	2	82
Remeasurement/other	(5)	—	—	(5)
Foreign currency translation	9	1	—	10
Depreciation expense	(49)	(18)	(1)	(68)
Transfers	3	1	(1)	3
Balance as of 31 December 2021	**191**	**35**	**7**	**233**
Cost	318	76	13	407
Accumulated depreciation	(127)	(41)	(6)	(174)
Balance as of 31 December 2021	**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 as of 31 December 2022	**202**	**31**	**5**	**238**
Cost	361	76	13	450
Accumulated depreciation	(159)	(45)	(8)	(212)
Balance as of 31 December 2022	**202**	**31**	**5**	**238**

Depreciation expense included in the income statement for the period is as follows (in EUR million):

	2022	2021
Cost of sales	(199)	(192)
Selling, general and administrative expenses	(75)	(62)
Total	**(274)**	**(254)**

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 30 million (2021: EUR 23 million) and were charged to the income statement. There are no significant lease commitments for leases not commenced at year-end. The practical expedient for COVID-19-related rent concessions were applied to all rent concessions meeting the criteria in 2022 and 2021. There were no amounts recognised to reflect changes in lease payments that arise from rent concessions. There were no rent concessions in 2022 (2021: EUR 0.2 million).

JDE Peet's incurred interest expenses on the lease liability of EUR 9 million (2021: EUR 10 million). For lease liabilities, refer to note 5.2. Borrowings and for the contractual maturity analysis of lease liabilities refer to note 6.4 Liquidity risk.

The total cash outflow for leases amounted to EUR 111 million (2021: EUR 96 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, as discussed in the Leasing Policy, inventories include coffee machines that have not yet been leased.

The composition of inventories is as follows (in EUR million):

	2022	2021
Raw materials (including packaging)	724	471
Work in progress	165	83
Finished goods (including Out-of-Home machines)	496	338
	1,385	**892**
Provision for write downs	(29)	(20)
Total	**1,356**	**872**

The amount added to the provision is EUR 3 million (2021: release of EUR 5 million).

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):

	2022	2021
Trade receivables	644	508
Provision for impairment of trade receivables	(26)	(24)
Trade receivables—net	**618**	**484**
Prepaid non-income taxes	106	112
Advance to related parties	1	—
Prepaid assets	57	53
Lease receivable	3	16
Deposits	4	4
Other	39	42
Total	**828**	**711**

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 2022, an amount of EUR 8 million was charged to the income statement (2021: EUR 6 million) whereby an amount of EUR 8 million was released (2021: EUR 7 million). Amounts charged to the provision are generally written-off when there is no expectation of recovering.

As of 31 December 2022, an amount of EUR 22 million (2021: EUR 38 million) was past due, of which EUR 13 million was due more than 30 days (2021: EUR 21 million). Trade receivables not past due at 31 December 2022, 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 programs 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 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):

	2022	2021
Trade payables	3,858	2,857
Accrued payroll and benefits	175	173
Accrued trade promotion	299	277
Non-income taxes payable	48	52
Deferred revenue: contract liability	29	29
Dividend payable	170	176
Other accrued expenses	125	132
Total	**4,704**	**3,696**

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. As at 31 December 2022 and 2021 none of the payables subject to SCF met the criteria to be classified as borrowings. The amount outstanding under SCF as at 31 December 2022 amounted to EUR 431 million (2021: EUR 436 million).

Separately, JDE Peet's has contracts with intermediaries, with an outstanding amount as at 31 December 2022 of EUR 4 million (2021: EUR 20 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 11 May 2022, a dividend of EUR 0.70 per share was approved, payable in two instalments of EUR 0.35 on 15 July 2022 and 27 January 2023.

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 2021, JDE Peet's refinanced its existing Term Facilities in three phases with the issuance of several euro and US dollar denominated notes, replacing the Term Facilities. As a result, JDE Peet's benefits from more favourable interest conditions and mix in maturities to optimise its risk profile. 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 are kept as treasury shares by JDE Peet's. Other than this, there were no major changes made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

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 Borrowings, 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 2022 and 2021 can be summarised as follows (value is stated in EUR million):

	Number of issued shares as of 31 December 2022	Number of issued shares as of 31 December 2021	Value in EUR million 2022	Value in EUR million 2021
Ordinary shares	485,235,677	501,951,089	10,002	9,980
Total share capital and share premium	**485,235,677**	**501,951,089**	**10,002**	**9,980**

No preference shares were outstanding as at 31 December 2022 and 31 December 2021.

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 ordinary shares (Nominal value, share premium and total in EUR million):

	Note	Number of issued shares	Nominal value	Share premium	Total
Balance as of 31 December 2020		499,709,030	5	9,907	9,912
Issuance of shares		2,242,059	—	68	68
Balance as of 31 December 2021		**501,951,089**	**5**	**9,975**	**9,980**
Issuance of shares	(i)	1,858,139	—	22	22
Shares buyback	(ii)	(18,573,551)	—	—	—
Balance as of 31 December 2022		**485,235,677**	**5**	**9,997**	**10,002**

i. In 2022, 1,106,290 shares were issued to settle the vested share-based payment plans. More information on the share-based payment plans can be found under note 7.1 Share-based payments. Another 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.
ii. 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, will be presented to the shareholder's at the 2023 annual general meeting for approval to cancel the majority of these shares.

Movements in treasury shares (Nominal value in EUR million):

	Note	Number of issued shares	Nominal value
Balance as of 31 December 2021		—	—
Acquisition of shares through share buyback		18,573,551	(500)
Release of treasury shares	(iii)	(1,063,371)	29
Balance as of 31 December 2022		**17,510,180**	**(471)**

iii. In 2022, 1,063,371 shares were released from the treasury shares to settle the vested share-based payment plans. More information on the share-based payment plans can be found under note 7.1

Non-controlling interest

JDE Peet's consolidates JDE, with a 0.25% (2021: 0.26%) non-controlling interest and Peet's with a 1.78% (2021: 3.61%) 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 2021 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.

Any fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 2021 and 2022 are summarised in the following tables (in EUR million):

	Currency	31 December 2020	Unwinding discount	Additions	Repaid	Remeasurement	Amortisation	Recognition of lease liability	Currency translation	31 December 2021
JDE Credit Agreement:										
- Term Loan(s) A	EUR	3,971	—	3,671	(7,642)	—	—	—	—	—
- Term Loan(s) B	EUR	401	—	—	(401)	—	—	—	—	—
- Term Loan(s) B	USD	551	—	—	(569)	—	—	—	18	—
Term facility JDE Peet's	EUR	—	—	1,000	(1,000)	—	—	—	—	—
Backstop JDE Peet's	EUR	—	—	300	(300)	—	—	—	—	—
Unsecured notes - EU	EUR	—	—	3,088	—	—	1	—	—	3,089
Unsecured notes - US	USD	—	—	1,477	—	—	—	—	56	1,533
JDE: Other financing	Various	19	—	19	(3)	—	—	—	(3)	32
Peet's: Senior Credit Facility	USD	317	—	—	(326)	—	—	—	9	—
All: Revolving credit facilities	EUR	—	—	300	(300)	—	—	—	—	—
Leases		228	10	—	(72)	(5)[62]	(3)	82	10	250
Unamortised discounts and costs		(7)	—	(42)	—	—	20	—	—	(29)
Total borrowings		**5,480**	**10**	**9,813**	**(10,613)**	**(5)**	**18**	**82**	**90**	**4,875**
Non-current		5,405								4,784
Current		75								91

[62] The amount included EUR 3 million of additions related to business combinations and EUR (4) million related to divestments.

	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
Short term facility	EUR	—	—	—	150	(150)	—	—	—	—
JDE: Other financing	Various	32	25	—	21	(64)	—	—	—	14
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

JDE Peet's 2022 developments

Unsecured notes

In June 2021, the Company announced a multi-tranche guaranteed Euro Medium Term ("EMT notes") 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:

Facility	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 November 2021, the Company issued under the same EMT notes programme another two notes:

Facility	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 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:

Facility	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

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 and while guaranteed by JACOBS DOUWE EGBERTS International B.V. and Peet's Coffee, Inc. in 2021, both guarantors have been released in March 2022.

Facilities Agreement JDE Peet's
In 2021, the Term Facilities were repaid and only the Revolving Credit Facility of EUR 1,500 million remained. The Agreement is unsecured and both guarantors, JACOBS DOUWE EGBERTS International B.V. and Peet's Coffee Inc., were released in March 2022. Further, no covenants apply; however, certain sustainability targets were agreed as part of the pricing mechanism.

Short-Term Facility
A short-term facility was entered into in May 2022 for EUR 150 million for a 6 month period with possible extension to 1 year. In October 2022, the facility was fully repaid.

JDE: Other financing
Other financing refers to various trade and cash management non-committed facilities at local subsidiary level in France, Malaysia, Italy and Turkey. There are no restrictions or covenants on these facilities.

Leases
The lease liabilities relate to the right-of-use assets as disclosed in note 3.4 Property, plant and equipment.

JDE Credit Agreement
This facility was fully repaid during 2021 and as a result the Credit Agreement was cancelled.

Peet's group
Senior Credit Facility
This facility was fully repaid and cancelled in 2021.

Interest rate swaps and cross-currency interest rate swaps
JDE Peet's had 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, all of these became ineffective and resulted in 2021 in an expense of EUR 19 million recognised within Finance income and expense (note 5.4). 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 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 with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Any bank overdrafts are included in trade and other payables. In the statements of cash flows, any bank overdrafts are included as an offset to cash and cash equivalents.

The composition of cash and cash equivalents is as follows (in EUR million):

	2022	2021
Cash in bank and on hand	552	434
Cash equivalents	415	228
Total	**967**	**662**

As at 31 December 2022 an amount of EUR 50 million was not at the free disposal of JDE Peet's (2021: EUR 41 million). Cash equivalents mainly consist out of deposits and short-term investments that mature with original maturities of three months or less. Given the nature of these deposits and short-term investments and maturity date, management determined that this is available in the short term.

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. 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.

JDE Peet's had the ability to voluntarily prepay term loans in whole or in part with prior notice to their agent. During 2021, JDE Peet's has repaid all term loans. The prepayment of loans did not result in any additional fees or penalties, just the payment of daily accrued interest at the agreed upon rate. An election was made to treat these voluntary prepayments as a loss on extinguishment of debt and expense the proportionate amount of unamortised deferred financing costs. The refinancing of the Group during 2021 shows full effect in 2022 resulting in lower interest expenses. Please refer to note 5.2 for additional information on the borrowings and to note 6.7 for additional information on derivative financial instruments.

Finance income and expense consist of the following (in EUR million):

	2022	2021
Interest income	64	22
Interest expense	(85)	(134)
Net financing cost of financial debt	**(21)**	**(112)**
Interest income on plan assets	40	32
Interest expense on defined benefit obligation	(36)	(30)
Total pension finance (expense)/income	**4**	**2**
Foreign exchange gain/(loss)	(263)	(129)
Change in fair value of derivative financial instruments	348	116
Fair value changes financial liabilities	4	(2)
Net monetary gain/(loss)	(3)	—
Net finance expense[63]	**69**	**(125)**

[63] Interest expense primarily includes interest on credit agreements and bank overdrafts (2022: EUR 4 million; 2021: EUR 47 million), interest on unsecured notes (2022: EUR 42 million; 2021: EUR 13 million), interest rate swaps (2022: EUR 13 million; 2021: EUR 36 million), and amortisation expenses (2022: EUR 6 million; 2021: EUR 20 million). During 2022, JDE Peet's concluded that interest income and expense related to cashpool arrangements can be presented on a net basis, subsequently the 2021 comparative figures for interest income and expense have both been adjusted by EUR 7 million.

6. FINANCIAL RISK MANAGEMENT

In accordance with IFRS 9, financial assets are classified into the following categories: amortised costs, fair value through profit or loss, and 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 as 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 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 FVTOCI, 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 of these risks arise in the normal course of business. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. To mitigate the risk from interest rates, foreign currency exchange rates, equity price fluctuations and commodity price fluctuations, various derivative financial instruments are used that are in accordance with JDE Peet's' policies and procedures. The cross-currency interest rate swaps and foreign currency component 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. All 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.

6.2 MARKET RISK

Commodity price risk

Commodity price risk arises primarily from transactions on global commodity markets. JDE Peet’s' objective is to minimise the impact of commodity price fluctuations. This exposure is hedged based on JDE Peet’s' policies. The commodity risk is mainly managed at regional locations, being the US, the Netherlands, Brazil, Vietnam and Indonesia. The 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. As a result of the short product business cycle, the majority of the anticipated future raw material transactions outstanding at the statement of financial position date are expected to occur in the next year.

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.

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.

Mainly forward exchange contracts are used to reduce the effect of fluctuating foreign currencies on short-term 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 cash requirement date of the associated transaction, generally within 12 months. 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.

Furthermore, 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, as of 2021, JDE Peet's designated several investments in subsidiaries in foreign currencies as part of a net investment hedge. 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 this net investment hedge.

Interest rate risk

JDE Peet's had interest rate and cross currency interest rate swaps in their books which hedged the interest rate risk of the then existing borrowings applying hedge accounting. After the repayment of these borrowings in 2021, the hedging instruments became ineffective and the fair value was directly reported in the profit and loss. In May and June 2022 these hedging instruments were terminated and the mark to market materialised. See also note 6.7 Derivative financial instruments.

Since the end of 2021 the majority of debt has fixed interest rates. 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, part of the cross-currency interest rate swaps are reset for the foreign currency component to realign the economics of the hedge with the economics of JDE Peet's net debt, realising a shift of EUR 69 million from derivative assets to monetary 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.

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 a total return equity swap 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 2022, an exposure of an equivalent of 7.2 million shares (2021: 5.6 million shares) in the Company was hedged, resulting in the recognition of a liability of EUR 30 million (2021: EUR 28 million), dividend income of EUR 5 million (2021: EUR 2 million) and an unrealised result of EUR 2 million in financial income and expense (2021: EUR 30 million result).

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 approved by the Board. 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 do 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 2022, 10.9 million shares were hedged, resulting in the recognition of a liability of EUR 12 million, dividend income of EUR 2 million and an unrealised result of EUR 12 million in financial income and expense.

Risk management

JDE Peet's maintains risk management control systems to monitor the foreign exchange, interest rate and commodity price risk and its offsetting hedge positions. Periodically, sensitivity analyses are completed to evaluate the effect of any changes in interest rate, commodity prices and foreign currencies and the associated risk derivatives.

Commodities

As of 31 December 2022, a sensitivity analysis shows that if underlying commodity prices change by 10%, the fair value of the commodity derivative instruments would have changed as follows:

	Change in year-end price	Effect on profit before tax In EUR million	Effect on equity In EUR million
Coffee beans - 2022	+10%	+33	—
Coffee beans - 2022	- 10%	(27)	—
Coffee beans - 2021	+10%	+19	—
Coffee beans - 2021	-10%	(19)	—

Interest rates

Since the end of 2021, the majority of the debt has fixed interest rates, which reduces the risk of fluctuations in the interest rate risk that might impact JDE Peet's. Some of the fixed US interest on the US notes is swapped using cross-currency interest rate swaps to a fixed euro interest and hedge accounting is applied.

A sensitivity analysis shows that if the swap interest rate curve changes by 10 basis points, the fair value of the interest rate derivatives would have changed by the following (in EUR million):

	Fair value derivatives		Profit or Loss		Equity, pre-tax	
	10 basis points increase	10 basis points decrease	10 basis points increase	10 basis points decrease	10 basis points increase	10 basis points decrease
31 December 2022						
Interest rate derivatives	—	—	—	—	—	—
31 December 2021						
Interest rate derivatives	4	(4)	4	(4)	—	—

Foreign currency

JDE Peet's has foreign transaction exposures. The risk is managed through the use of derivative financial instruments.

As at 31 December 2022, a sensitivity analysis shows that if foreign exchange rates change by 10 percent this would have affected profit in the following ways (in EUR million):

	Profit or Loss		Equity, pre-tax	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2022				
+/-10%	(150)	182	(202)	248
31 December 2021				
+/-10%	(92)	112	(209)	256

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.

Total return equity swap

On 31 December 2021, 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 - 2022	10%	49
Share price - 2022	(10)%	(49)
Share price - 2021	10%	15
Share price - 2021	(10)%	(15)

Cash-settled share-based payment plan Peet's

As at 31 December 2022 and 31 December 2021, 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 - 2022	10%	3
Share price - 2022	(10)%	(3)
Share price - 2021	10%	9
Share price - 2021	(10)%	(9)

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 with counterparties are entered into that meet stringent credit standards (at minimum investment grade), limiting the amount of agreements or contracts it enters into with any one party and, where legally available, executing 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 constantly monitored. 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 program (refer to note 4.3 Trade and other payables for more details) and structured payables, could impact short-term liquidity.

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 2022 and 31 December 2021, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As 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 swap	6.7	(18)	(54)	—	(72)	(43)
Total		**(4,922)**	**(2,056)**	**(3,161)**	**(10,139)**	**(9,804)**

As at 31 December 2021 (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	(30)	(1,829)	(3,062)	(4,921)	(4,622)
- Lease liabilities	5.2	(74)	(164)	(31)	(269)	(250)
- Other financing	5.2	(25)	(7)	—	(32)	(32)
Trade and other payables (excluding deferred revenue)	4.3	(3,667)	—	—	(3,667)	(3,667)
Total		**(3,796)**	**(2,000)**	**(3,093)**	**(8,889)**	**(8,571)**
Derivative financial liabilities						
Foreign currency derivatives	6.7	(5)	—	—	(5)	(5)
Commodity derivatives	6.7	(4)	—	—	(4)	(4)
Net interest rate derivatives	6.7	(37)	(15)	—	(52)	(60)
Total return equity swaps	6.7	(1)	(30)	—	(31)	(28)
Total		**(3,843)**	**(2,045)**	**(3,093)**	**(8,981)**	**(8,668)**

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 derivatives 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. 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. 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.

The following tables present the assets and liabilities of JDE Peet's that are measured at fair value at 31 December 2022 and 31 December 2021, respectively.

As 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 contract	6.7	—	22	—	22
Commodity contracts	6.7	4	—	—	4
Total return equity swap contracts	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**

As at 31 December 2021 (in EUR million):

	Note	Level 1	Level 2	Level 3	Total
Assets					
Interest rate contracts	6.7	—	31	—	31
Foreign exchange contracts	6.7	—	51	—	51
Commodity contracts	6.7	1	—	1	2
Other	6.7	4	—	—	4
Total assets		**5**	**82**	**1**	**88**
Liabilities					
Unsecured notes - EU	5.2	3,089	—	—	3,089
Unsecured notes - US	5.2	1,533	—	—	1,533
Borrowings	5.2	—	253	—	253
Share-based payment liability	9.4	—	—	20	20
Management-owned shares liability	9.4	—	—	68	68
Interest rate contracts	6.7	—	56	4	60
Foreign exchange contracts	6.7	—	5	—	5
Commodity contracts	6.7	4	—	—	4
Total return equity swaps	6.7	—	28	—	28
Total liabilities		**4,626**	**342**	**92**	**5,060**

There were no transfers between different levels during 2022 and 2021.

6.6 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets subject to offsetting as 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**	**—**

Financial assets subject to offsetting as at 31 December 2021 (in EUR million:)

	Financial instruments		Financial instruments	
	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Gross amount recognised in financial instruments	31	57	32	65
Gross amount offset	—	—	—	—
Net amount	**31**	**57**	**32**	**65**
Related amounts not offset in the statement of financial positions				
Gross financial instruments	(1)	(10)	1	10
Cash collateral – not offset	—	23	—	—
Net financial instruments	**(1)**	**13**	**1**	**10**

6.7 DERIVATIVE FINANCIAL INSTRUMENTS

JDE Peet's applies the hedge accounting requirements in IFRS 9. Derivatives are initially recognised at fair value through profit and loss ("FVTPL") 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 hedging 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.

Certain derivatives are designated as hedging instruments in cash flow hedges.

At inception of the transaction, the relationship is documented between hedging instruments and hedged items when hedge accounting is applied. In addition to this, its risk management objectives and strategy for undertaking various hedging transactions are documented when hedge accounting is applied. The assessment, both at hedge inception and on an ongoing basis, is documented of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value of the hedged items in the case that hedge accounting is applied.

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.

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 (for example, when the forecasted sale that is hedged takes place). The gain or loss relating to the ineffective portion of interest rate swaps and cross-currency interest rate swaps hedging variable exchange- and interest rate borrowings is recognised in the income statement within Finance expense. However, 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.

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.

Derivative financial instruments are used, including forward exchange contracts, futures, interest rate swaps, total return equity swaps, net investment hedges and cross currency interest rate swaps, to manage exposures to foreign exchange, commodity prices, equity prices and interest rate risks. The use of these derivative financial instruments modifies the exposure of these risks with the intent to reduce the risk or cost. 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 contracts is primarily within one year.

Information on the classification and fair values of derivatives in the statement of financial position as of 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	—	—	—	—	—

Information on the classification and fair values of derivatives in the statement of financial position as of 31 December 2021 is as follows (in EUR million):

	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Derivatives designated as hedging instruments:				
- Interest rate contracts	—	31	—	—
- Foreign exchange contracts	45	—	—	—
Sub-total	**45**	**31**	**—**	**—**
Derivatives not designated as hedging instruments:				
- Interest rate contracts	—	—	28	32
- Foreign exchange contracts	6	—	5	—
- Commodity contracts	2	—	4	—
- Total return equity swap contracts	—	—	28	—
- Other	4	—	—	—
Sub-total	**12**	**—**	**65**	**32**
Total	**57**	**31**	**65**	**32**

	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	—	—	73	—	73
Amount of gain (loss) recognised in finance income/expense	53	92	2	(30)	117
Amount of gain (loss) recognised in selling, general and administrative expenses	—	—	—	—	—

In 2021, the interest rate swaps and cross-currency interest rate swaps were hedging the floating interest rates and foreign currency exposure of borrowings. As of September 2021, the cross-currency interest rate swaps synthetically hedge the fixed US interest to euro.The total return equity swap hedges the price risk of shares in the Company.

The notional amount of swaps was nill related to the interest rate swap (2021: EUR 2.9 billion and USD 220 million), USD 1.3 billion related to the cross-currency interest rate swap (2021: USD 1.7 billion) and EUR 531 million related to the total return equity swap (2021: EUR 180 million).

For the designated interest rate and cross-currency interest rate swaps a gain, net of tax, of EUR 11 million was recognised in OCI during 2022 (2021: EUR 48 million) . During 2021, the floating euro denominated debt was repaid and the interest rate swaps de-designated. The cashflow hedge balance within Equity was released, resulting in the fair value changes recognised in the income statement. In the first half year of 2022 the de-designated interest rate and cross-currency interest rate swaps were terminated and the realised fair value of EUR 29 million recognised in the income statement. The hedge relation of the cross currency interest rate swaps entered into during 2021, hedging part of the USD notes, was broken at the end of December after reset of the foreign exchange component. The results up to the moment of reset remain in OCI and will be amortised over the life time of the USD notes while from the reset date a new hedge relation is setup recognising the results in OCI (see note 6.2 Market risk).

The notional amount of the USD notes included in the net investment hedge was USD 500 million (2021: 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 loss of EUR 28 million (2021: loss of EUR 16 million).

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.

7. GOVERNANCE

7.1 SHARE-BASED PAYMENTS

All JDE and JDE Peet's plans qualify as equity-settled. The Peet’s plans partly qualify as equity-settled and partly 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. The only vesting condition for all the plans 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.

Key accounting estimate and judgement— Share-based payment expenses are recognised based on a number of assumptions regarding forfeitures and measurement of the fair value share prices. A change in these assumptions may result in significant 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 33.4 million in fiscal year 2022 (2021: EUR 34.3 million). The total expense, which was recognised in selling, general and administrative expenses for EUR 37.4 million and a benefit of EUR 4.0 million was recognised with Finance expense, consisted of:

- EUR 16.2 million (2021: EUR 10.7 million) related to the Company's Long-Term Incentive Share Plan and Executive Ownership Plan
- EUR 8.7 million (2021: EUR 9.2 million) related to JDE's Long-Term Incentive Share Plan, Share Purchase Plan Senior Management and Executive Ownership Plan
- EUR 8.5 million (2021: EUR 14.4 million) related to Peet's Long-Term Incentive Share plan, Executive Ownership Plan and Management Stock.

Long-Term Incentive Share Plan (the Company)

The Company established a long-term incentive plan ("LTIP JDEP"), under which RSUs were awarded to 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. There is no present obligation to settle in cash or to repurchase, and subsequently the RSU awards are accounted for as equity-settled. In December 2021, the plan was amended, where any grants made after this date have a vesting period of 3 years instead of 5 years.

Executive Ownership Plan (the Company)

The Company established an Executive Ownership plan ("EOP JDEP"), 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. No amendments were made to this plan.

Long-Term Incentive Share Plan (JDE)

At JDE a Long-Term Incentive Share Plan ("LTIP JDE") 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 at vesting of the RSU. There is no present obligation to settle in cash or to repurchase, and subsequently the RSU awards are accounted for as equity-settled. In December 2021, the plan was amended, where any future grants made after this date to JDE participants will be under the plans of the Company and these have a vesting period of 3 years instead of 5 years.

Executive Ownership Plan (JDE)

At JDE an Executive Ownership plan ("EOP JDE") 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 is given the opportunity to initially invest in JDE Certificates through a Foundation ("SPP JDE"). For every three shares held for a period of at least five years, the participant will be entitled to receive one RSU up to 150% of their base salary. Each RSU entitles the relevant participant to receive the value of a JDE share, settled in an equivalent value in shares of the Company. As there is no present obligation to settle in cash or purchase the shares, this plan classified as equity-settled. No amendments were made to this plan.

Long-Term Incentive Share Plan (Peet's)

Peet's has a Long-Term Incentive Share Plan ("LTIP Peet's") and an Executive Ownership Plan ("EOP Peet's") in place.

The LTIP Peet's was established, under which RSUs were 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)

The Executive Ownership Plan ("EOP Peet's") was established, under which certain members of Senior Management of Peet's were 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 year 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)

During the year, regular RSUs were granted to eligible employees in March, September and December 2022 and 2021. The grants issued in March and September 2021 have a vesting period of five years, whereas the grants issued in December 2021, March 2022, September 2022 and December 2022 will vest in three years.

The value of RSUs are based on the share price of the Company. This resulted in a grant date fair value of EUR 20.8 million in 2022 (2021: EUR 21.0 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 2022 of the outstanding RSU share awards was EUR 28.85 (2021: EUR 29.38).

Details of the number of RSU share awards outstanding are as follows:

	2022	2021
In shares of the Company		
Opening balance as of 1 January	1,019,081	241,131
Granted	1,092,324	777,950
Forfeited	(46,184)	—
Balance as of 31 December	**2,065,221**	**1,019,081**

Executive Ownership Plan (the Company)

Certain members of the Executive Committee were invited to invest in shares in the Company and to receive their match of their investment. The new investments equalled a grant date fair value of EUR 2.0 million in 2022 (2021: EUR 0.6 million). The investments during 2022 are recognised as a share-based payment expense over three years, where prior investments are generally recognised over a five-year period.

The weighted-average grant date fair value at 31 December 2022 of the outstanding share awards was EUR 33.58 (2021: EUR 33.94).

Details of the number of RSU share awards outstanding are as follows:

	2022	2021
In shares in the Company		
Opening balance as of 1 January	1,166,598	1,144,700
Granted	72,202	21,898
Balance as of 31 December	**1,238,800**	**1,166,598**

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)
Since 2022, regular RSUs have been granted under the Company's Long-Term Incentive Plan (see above). During 2021, grants were made made under the JDE plan in March and September 2021 with a vesting period of five years.

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. This resulted in a grant date fair value of EUR (0.2) million in 2022 (2021: EUR 7.5 million) to be recognised as a share-based payment expense over the applicable vesting period of generally five years, taking into account an estimated forfeiture rate between 0% and 33% of awards that will eventually vest. During 2022, 197 RSUs granted in JDE in 2021 converted on a value-for-value basis in RSUs in the Company.

The latest available conversion ratio applicable to the number of JDE RSUs to be converted in shares in the Company is: 43.50.

The weighted average grant date fair value at 31 December 2022 of the outstanding RSU share awards was EUR 1,546 (2021: EUR 1,520).

Details of the number of RSU share awards outstanding are as follows:

	2022	2021
In shares of JDE		
Opening balance as of 1 January	27,022	23,683
Granted	(197)	8,699
Forfeited	(3,033)	(2,620)
Vested	(3,052)	(2,740)
Balance as of 31 December	**20,740**	**27,022**

Executive Ownership Plan (JDE)
Certain members of the Executive Committee were invited to invest in shares in JDE and to receive their match of their investment in shares in the Company. During 2022 no new investments were made (2021: EUR 8.2 million) to be recognised as a share-based payment expense generally over a five-year period.

The latest available conversion ratio applicable to the number of JDE RSUs to be converted in shares in the Company is: 43.50.

The weighted average grant date fair value at 31 December 2022 of the outstanding share awards was EUR 1,456 (2021: EUR 1,456).

Details of the number of share awards outstanding are as follows:

	2022	2021
In shares of the JDE		
Opening balance as of 1 January	9,731	19,292
Awarded	—	5,278
Forfeited	—	(1,607)
Vested	—	(13,232)
Balance as of 31 December	**9,731**	**9,731**

The JDE Executive Committee members 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)
Eligible participants were invited to invest in JDE through indirect share ownership via a foundation, for which they subsequently could choose to exchange this investment in shares in the Company. For the value of every three JDE shares held for a period of at least five years, the participant will be entitled to receive one matching JDE share up to 150% of their base salary. This match will be settled in listed shares in the Company for the equivalent value of the JDE share.

This resulted in a total grant date fair value of EUR 0.0 million (2021: EUR 2.1 million) to be recognised as a share-based payment expense over the applicable vesting periods. For the awards made under the Share Purchase Plan, a forfeiture rate between 0% and 50% was used when estimating the number 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: 43.50.

The weighted average grant date fair value at 31 December 2022 of the outstanding RSU share awards was EUR 1,406 (2021: EUR 1,439).

Details of the number of RSU share awards outstanding are as follows:

	2022	2021
In shares of JDE		
Opening balance as of 1 January	2,063	714
Granted	44	1,547
Forfeited	(208)	(95)
Vested	(76)	(103)
Balance as of 31 December	**1,823**	**2,063**

Long-Term Incentive Share Plan (Peet's)

During the year, regular RSUs were granted to eligible employees in March and September 2022 and 2021. The vesting dates of these grants are in September 2027 and 2026, 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 8 million in 2022 (2021: EUR 7 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: 6.38 with respect to the equity-settled plans.

The weighted average grant date fair value at 31 December 2022 of the outstanding RSU share awards was EUR 145 per share (2021: EUR 125 per share).

The weighted average exercise price of the options at 31 December 2022 is EUR 83 per share (2021: EUR 63 per share) with a weighted average remaining contractual life of 3.5 years (2021: 4.5 years).

Details of the number of RSU share awards outstanding are as follows regarding the LTIP:

	2022 Cash-settled	2022 Equity-settled	2021 Cash-settled	2021 Equity-settled
In shares of Peet's				
Opening balance as of 1 January	80,990	139,077	106,241	104,305
Granted	—	54,364	—	53,276
Vested	(19,162)	(7,054)	(20,039)	(8,134)
Forfeited	(5,635)	(28,675)	(5,212)	(10,370)
Balance as of 31 December	**56,193**	**157,712**	**80,990**	**139,077**

Details of the number of options outstanding are as follows:

	2022 Cash-settled	2022 Equity-settled	2021 Cash-settled	2021 Equity-settled
In shares of Peet's				
Opening balance as of 1 January	80,222	14,999	93,665	20,867
Granted	—	—	—	—
Exercised	(2,196)	(11,504)	(9,398)	(3,664)
Forfeited	(540)	(1,655)	(4,045)	(2,204)
Effect of plan modifications	—	—	—	—
Balance as of 31 December	**77,486**	**1,840**	**80,222**	**14,999**

The number of options exercisable at 31 December 2022 is 78,654.

At 31 December 2022, a liability of EUR 17 million (2021: EUR 20 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 1.6 million in 2022 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: 6.38 with respect to the equity-settled plans.

The weighted average grant date fair value at 31 December 2022 of the outstanding RSU share awards was EUR 138 per share (2021: EUR 119 per share).

Details of the number of RSU share awards outstanding are as follows regarding the EOP:

	2022 Cash-settled	2022 Equity-settled	2021 Cash-settled	2021 Equity-settled
In shares of Peet's				
Opening balance as of 1 January	64,644	35,890	80,678	33,209
Granted	—	12,029	—	3,512
Vested	(21,983)	(965)	(14,902)	(831)
Forfeited	(6,203)	(3,782)	(1,132)	—
Effect of plan modifications	—	—	—	—
Balance as of 31 December	**36,458**	**43,172**	**64,644**	**35,890**

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 2021 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 on the balance sheet as Peet's has the obligation to buy back these investments and amounts EUR 26 million at 31 December 2022 (2021: EUR 65 million). The number of outstanding Management Stock that qualifies as a liability is 162,856 per 31 December 2022 (2021: 423,644).

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 30,181 per 31 December 2022 and 205,761 per 31 December 2021.

7.2 RELATED-PARTY TRANSACTIONS

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):

	2022	2021
Salaries	14	17
Share-based payment compensation	32	17
Severance	—	3
Other, including pensions	2	2
Total	**48**	**39**
Executive Director	9	8
Non-executive Directors (the Board)	2	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 while the Remuneration Report only apply to the executive Director and the Board. The Remuneration Report is presented on pages 151 to 159.

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—As at 31 December 2022, Olivier Goudet held 851,849, Fabien Simon 18,763, Peter Harf 664,412, Carolyn Adams 3,346, Tatiana Efremova 900 and Lara Brans 11,887 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 2022 no contributions were made by or distributed to the shareholders.

Share-based payments—As described in note 7.1 Share-based payments, 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 who are not members of JDE Peet's (in EUR million):

	Sales to related parties		Purchases from related parties	
	2022	2021	2022	2021
Keurig Dr Pepper	4	4	92	72
Caribou	43	37	34	22
Mondelez Group	—	15	74	44
Total	**47**	**56**	**200**	**138**

The following amounts were outstanding from/to related parties at reporting date (in EUR million):

	Owed by related parties		Owed to related parties	
	2022	2021	2022	2021
Keurig Dr Pepper	1	1	43	34
Caribou	—	—	42	3
Mondelez Group	—	5	8	9
Total	**1**	**6**	**93**	**46**

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 Mondelez International Inc. Group—There were transactions between JDE Peet's and Mondelez Group as part of the normal course of business, such as rental of office space.

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.

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.

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 18 million at 31 December 2022 (2021: EUR 18 million).

Loans from related parties

At 31 December 2022, the Company had no outstanding loans with related parties.

Fiscal unity—Certain Dutch subsidiaries of the Company, and the operations of Peet's 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.

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 will be 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.

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 has been given to the adoption of the EU Pillar 2 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 2). In anticipation of the NL and worldwide enactments of global minimum taxation rules, JDE Peet’s is closely monitoring the legislative and regulatory developments and is actively planning for implementation through the adaptation of its internal processes and systems on the short term.

Income Tax Expense

The components of the income tax expense are as follows (in EUR million):

	2022	2021
Current tax (expense) / benefit	(219)	(146)
Deferred tax (expense) / benefit	(38)	(74)
Total income tax expense	**(257)**	**(220)**

Reconciliation of the effective tax rate (in EUR million):

	2022		2021	
Profit before income taxes	1,018		982	
	Tax	%	Tax	%
Income tax using JDE Peet's calculated weighted average statutory income tax (a)[64]	(224)	22.0%	(216)	22.0%
Differences between computed rate of tax and				
- Tax exempt and non-taxable income	13	(1.3)%	7	(0.7)%
- Non-deductible expenses	(17)	1.7%	(22)	2.2%
- Tax rate changes	—	0.0%	6	(0.6)%
- Repatriation taxation of earnings and	(12)	1.2%	(10)	1.0%
- Recognition/(non-recognition) of deferred tax	(15)	1.5%	(10)	1.0%
- Tax reserves and tax audit adjustments	2	(0.2)%	29	(2.9)%
- Other taxes	(4)	0.3%	(4)	0.4%
Effective tax rate	**(257)**	**25.2%**	**(220)**	**22.4%**

[64] 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.

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 partly offset by various tax exempt and non-taxable items decreasing the tax expense (in total EUR 15.0 million with decreasing effect of 1.5%).

Items with increasing effect on tax expense in 2022 mainly consist of the following: (i) non-deductible business expenses (increasing the tax expense with EUR 17 million, increasing effect of 1.7%), such as long-term incentive costs and certain equity derivative 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 12 million, increasing effect of 1.2%) and (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 15 million, increasing effect of 1.5%).

The decreasing effect on the tax expense in 2022 is mainly due to tax exempt and non-taxable income (decreasing the tax expense with EUR 13 million, decreasing effect of 1.3%).

In 2021, the JDE Peet's' effective income tax rate of 22.4% (tax expense of EUR 220 million) was slightly higher (0.4%, tax expense of EUR 4 million) than the calculated weighted average statutory income tax rate of 22.0% (tax expense of EUR 216 million) due to various items increasing the tax expense (in total EUR 46 million with increasing effect of 4.6%), which are largely offset by the various items decreasing the tax expense (in total EUR 42.0 million with decreasing effect of 4.2%).

Deferred Income Tax Assets and Liabilities

The analysis of the deferred income tax assets and liabilities is as follows (in EUR million):

	2022	2021
Deferred income tax assets	35	66
Deferred income tax liabilities	(1,265)	(1,228)
Net deferred income tax	**(1,230)**	**(1,162)**

Deferred tax assets and deferred tax liabilities are attributable to the following items (in EUR million):

	2022			2021		
	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	—	(98)	(98)	1	(109)	(108)
Goodwill and other intangible assets	12	(1,318)	(1,306)	10	(1,293)	(1,283)
Other non-current financial assets	121	(3)	118	129	(3)	126
Retirement benefit asset/ obligations	28	(103)	(75)	60	(124)	(64)
Share-based payments	7	—	7	4	—	4
Borrowings	39	—	39	45	—	45
Derivative financial instruments	8	—	8	6	—	6
Provisions and other	15	(5)	10	26	(1)	25
Trade and other receivables/ payables	40	—	40	28	—	28
Inventories	8	(1)	7	8	—	8
Tax on repatriation of earnings	—	(61)	(61)	—	(55)	(55)
Other tax credits carry forwards	—	—	—	1	—	1
Tax loss carry forwards	81	—	81	105	—	105
Subtotal	**359**	**(1,589)**	**(1,230)**	**423**	**(1,585)**	**(1,162)**
Offset of deferred tax positions	(324)	324	—	(357)	357	—
Net deferred tax asset/ (liability)	**35**	**(1,265)**	**(1,230)**	**66**	**(1,228)**	**(1,162)**

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 35 million (2021: EUR 42 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 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. This increase was the result of (i) an increase of deferred tax liabilities (increasing the net deferred tax liability with EUR 30 million) and (ii) a decrease of deferred tax assets (increasing the net deferred tax liability with EUR 38 million). The increase of deferred tax liabilities mainly resulted from (a) additional deferred tax liabilities resulting from hyperinflationary accounting in Turkey (increasing the net deferred tax liability with EUR 7 million), (b) additional deferred tax liabilities arising from the acquisition of L2M (increasing the net deferred tax liability with EUR 12 million) and (c) additional deferred tax liabilities from fair value changes in retirement benefit plans (increasing the net deferred tax liability with EUR 11 million). The decrease of the deferred tax assets mainly resulted from the derecognition of deferred tax assets for tax loss carry forwards (increasing of net deferred tax liability with EUR 24 million) in combination with other recurring changes in temporary differences.

In 2021, the net deferred tax liability position increased with EUR 153 million from a net deferred tax liability of EUR 1,009 million in 2020 to a net deferred tax liability of EUR 1,162 million in 2021. The increase was the result of (i) an increase of deferred tax liabilities (increasing the net deferred tax liability with EUR 148 million), (ii) a decrease of deferred tax assets for various temporary differences (increasing the net deferred tax liability with EUR 38 million), partially offset by (iii) an increase of recognised deferred tax assets for tax loss carry forwards (decreasing of net deferred tax liability with EUR 33 million).

The movements during 2022 and 2021 are as follows (in EUR million):

	Balance as of 31 December 2021	Application of hyperinflationary accounting	Balance as of 1 January 2022	(Charged) Credited to the income statement	(Charged) Credited directly to other comprehensive income	Currency translation	Business combinations	Balance as of 31 December 2022
Property, plant and equipment	(108)	(1)	(109)	14	—	(3)	—	(98)
Goodwill and other intangible assets	(1,283)	(4)	(1,287)	(1)	—	(6)	(12)	(1,306)
Other non-current financial assets	126	—	126	(8)	—	—	—	118
Retirement benefit asset/obligations	(64)	—	(64)	(4)	(13)	6	—	(75)
Share-based payments	4	—	4	3	—	—	—	7
Borrowings	45	—	45	(7)	—	1	—	39
Derivative financial instruments	6	—	6	(14)	16	—	—	8
Provisions and other	25	—	25	(15)	—	—	—	10
Trade and other receivables/payables	28	—	28	13	—	(1)	—	40
Inventories	8	(2)	6	2	—	(1)	—	7
Tax on repatriation of earnings	(55)	—	(55)	(6)	—	—	—	(61)
Other tax credits carry forwards	1	—	1	(1)	—	—	—	—
Tax loss carry forwards	105	—	105	(14)	(7)	(3)	—	81
Net deferred tax asset/(liability)	**(1,162)**	**(7)**	**(1,169)**	**(38)**	**(4)**	**(7)**	**(12)**	**(1,230)**

	Balance as of 31 December 2020	(Charged) Credited to the income statement	(Charged) Credited directly to other comprehensive income	Currency translation	Business combinations	Balance as of 31 December 2021
Property, plant and equipment	(100)	(5)	—	(3)	—	(108)
Goodwill and other intangible assets	(1,239)	(29)	—	(6)	(9)	(1,283)
Other non-current financial assets	147	(21)	—	—	—	126
Retirement benefit asset/ obligations	17	(4)	(73)	(4)	—	(64)
Share-based payments	3	1	—	—	—	4
Borrowings	43	1	—	1	—	45
Derivative financial instruments	34	1	(29)	—	—	6
Provisions and other	18	4	—	4	(1)	25
Trade and other receivables/ payables	28	(1)	—	1	—	28
Inventories	6	1	—	1	—	8
Tax on repatriation of earnings	(40)	(14)	—	(1)	—	(55)
Other tax credits carry forwards	2	(1)	—	—	—	1
Tax loss carry forwards	72	(7)	37	3	—	105
Net deferred tax asset/ (liability)	**(1,009)**	**(74)**	**(65)**	**(4)**	**(10)**	**(1,162)**

Tax losses, tax credits and other carried forwards

JDE Peet's has tax losses carried forward of EUR 697 million as at 31 December 2022 (2021: EUR 791 million), for which EUR 81 million was recognised as a deferred tax asset (2021: EUR 105 million). Unrecognised deferred tax assets on tax losses amounted to EUR 82 million in 2022 (2021: EUR 74 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	
	2022	2021	2022	2021	2022	2021
Within 1 year	6	5	—	2	6	7
1 to 2 years	6	7	—	2	6	9
2 to 3 years	6	7	—	—	6	7
3 to 4 years	9	7	—	—	9	7
4 to 5 years	14	19	—	5	14	24
Later	16	18	75	113	91	131
Unlimited	261	226	304	380	565	606
Balance as at 31 December	**318**	**289**	**379**	**502**	**697**	**791**

JDE Peet's has US and Netherlands tax credits carry forwards at 31 December 2022 of EUR 21 million (2021: EUR 21 million) for which no deferred tax asset was recognised (2021: EUR 1 million) as it is not expected they will be utilised. The tax credits carry forwards expire between 6 to 9 years (EUR 15 million) and the remaining EUR 6 million are carried forward unlimited in time.

The tax effect of other deductible temporary differences that have not been recognised, amounted to EUR 33 million in 2022 (2021: EUR 26 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 2022 was EUR 29 million (2021: EUR 32 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.

Up to June 2021, the defined benefit plan in the UK was funded by contributions from the employees and the relevant JDE Peet's entities, taking into account applicable government regulations and the recommendations of independent, qualified actuaries. As of 30 June 2021 employees in the United Kingdom no longer accrue new pension rights and the early retirement window was extended through July 2025. Stopping accruing new pension rights resulted in a curtailment gain of EUR 11 million and the past service costs from extending the early retirement window amounted to EUR 7 million in 2021.

The value of the UK Plan as at 31 December 2022 amounted to a net asset of EUR 413 million (2021: EUR 498 million). No asset ceiling applies to this plan.

The funding of the plan was 125.5% at 31 December 2022 (2021: 114.6%).

Germany–There are six (largely) unfunded defined benefit plans in Germany. About 1,000 employees (2021: 1,000) accrue benefits in two (closed) schemes: a jubilee plan and a deferred compensation plan. The total defined benefit obligation at 31 December 2022 was EUR 126 million (2021: EUR 213 million) of which EUR 76 million (2021: 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):

	2022	2021
Defined benefit obligation of funded plans	(1,111)	(1,704)
Fair value of plan assets	1,524	2,202
Funded defined benefit plans with a surplus	**413**	**498**
Defined benefit obligation of funded plans	(254)	(356)
Fair value of plan assets	115	121
Funded defined benefit plans with a deficit	**(139)**	**(235)**
Post-employment medical & jubilee benefits	(10)	(13)
Defined benefit liability	**(149)**	**(248)**

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):

	2022	2021
Total defined benefit obligation	(1,365)	(2,060)
Total fair value of plan assets	1,639	2,323
Net defined benefit position	**274**	**263**

Information on plan assets and defined benefit obligation per country

The defined benefit obligation per 31 December per country and the plan assets per country can be specified as follows (in EUR million):

	Plan assets		Defined benefit obligations	
	2022	2021	2022	2021
United Kingdom	1,524	2,202	(1,111)	(1,704)
Germany	77	82	(203)	(295)
Other	38	39	(51)	(61)

The weighted average duration of the defined benefit obligations for the UK per 31 December 2022 is 11.8 years (2021: 15.5 years) and for Germany per 31 December 2022 is 16.6 years (2021: 20.7 years).

The movement in the defined benefit obligation over the year is as follows (in EUR million):

	2022	2021
Defined benefit obligation at the beginning of the period	2,060	2,122
Employer service costs	9	14
Interest expense	34	30
Past service costs	—	(4)
Administration costs	2	2
Actuarial (gain)/loss due to experience	87	(64)
Actuarial (gain)/loss due to demographic assumption changes	(13)	(2)
Actuarial (gain)/loss due to financial assumption changes	(670)	(74)
Foreign currency translation	(67)	105
Benefits paid	(77)	(73)
Other	—	4
Defined benefit obligation at current period end	**1,365**	**2,060**

The movement in the fair value of plan assets is as follows (in EUR million):

	2022	2021
Fair value of plan assets at the beginning of the period	2,323	2,152
Employer contributions	7	10
Benefits paid	(77)	(73)
Interest income	40	32
Return on plan assets greater/(less) than interest income	(565)	67
Business combinations	—	3
Foreign currency translation	(89)	132
Fair value of plan assets at current period end	**1,639**	**2,323**

The amounts recognised in the income statement are as follows (in EUR million):

	2022	2021
Employer service costs	9	14
Past service costs	—	(4)
Interest expense on defined benefit obligation	34	30
Interest income on plan assets	(40)	(32)
Administration costs	2	2
Total defined benefit cost recognised in the consolidated income statement	**5**	**10**

Of the total defined benefit cost recognised in the income statement EUR 9 million (2021: EUR 14 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):

	2022	2021
Opening balance	(309)	(89)
Actuarial (gains) / losses on the defined benefit obligation	(596)	(140)
Actuarial (gains) / losses on the plan assets	565	(67)
Foreign currency translation	15	(13)
Closing balance	**(325)**	**(309)**

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):

	2022	2021
Liability (gain) or loss due to experience	87	(64)
Liability (gain) or loss due to demographic and financial assumptions changes	(683)	(76)
Actuarial (gains) / losses on the defined benefit obligation	**(596)**	**(140)**
Asset (gain) or loss due to experience	565	(67)
Actuarial (gain) or loss recognised	**(31)**	**(207)**

The weighted-average actual assumptions used in measuring the defined benefit cost recorded in the consolidated income statement of the next fiscal year and plan obligations at the end of the fiscal year are as follows:

	2022		2021	
	UK	Germany	UK	Germany
Discount rate	4.80%	3.70%	1.85%	1.20%
Indexation rate inactive participants - deferred	2.90%	N/A	3.00%	N/A
Indexation rate inactive participants - pensioners	3.25%	2.00%	3.30%	1.75%
Inflation rate	3.40%	2.50%	3.50%	2.00%
Future salary increases	N/A	2.75%	N/A	2.50%

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: Males SAPS S2 Pensioners +0.3 yr age rating with CMI Core Projection Model 2021 update, with a 1.25% long term trend, 0.25% initial addition to improvements and a 5% weighting on both 2020 and 2021 experience / Females SAPS S2 Pensioners +0.3 yr age rating with CMI Core Projection Model 2021 update, with a 1.25% long- term trend, 0.25% initial addition to improvements and a 5% weighting on both 2020 and 2021 experience.
- Germany: Heubeck 2018G.

Sensitivity to changes in individual parameters used as of 31 December 2022 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 87 million (2021: EUR 169 million)
- A 50 basis point increase in inflation assumption would increase the defined benefit obligation by approximately EUR 49 million (2021: EUR 99 million)
- A 50 basis point increase in the salary growth rate would increase the defined benefit obligation by approximately EUR 6 million (2021: EUR 10 million).

The pension plan asset allocation differs per plan. On a weighted average basis, the allocation was as follows:

	2022	2021
Equity instruments	7.1%	7.7%
Bond instruments	4.7%	3.5%
Other	88.2%	88.8%
	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 2023 are EUR 9 million (2022: EUR 8 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):

	2022	2021
Opening balance	13	12
Employer service cost	1	1
Employer contribution	(1)	(1)
Actuarial (gain)/loss due to financial assumption changes	(3)	1
Closing balance	**10**	**13**

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
Opening balance as of 1 January 2021	43	47	90
Acquired in business combinations	—	1	1
Additions charged to income statement	4	5	9
Payments	(27)	(14)	(41)
Reductions related from re-measurement or settlement without cost	—	(4)	(4)
Currency translation differences	—	2	2
Carrying amount as of 31 December 2021	**20**	**37**	**57**
Non-current	9	16	25
Current	11	21	32
Carrying amount as of 31 December 2021	**20**	**37**	**57**
Acquired in business combinations	—	—	—
Additions charged to income statement	9	18	27
Payments	(9)	(4)	(13)
Reductions related from re-measurement or settlement without cost	1	—	1
Currency translation differences	1	(1)	—
Carrying amount as of 31 December 2022	**22**	**50**	**72**
Non-current	5	28	33
Current	17	22	39
Carrying amount as of 31 December 2022	**22**	**50**	**72**

Restructuring—During the periods presented, a number of actions were taken to right-size the CPG and Out-of-Home segment. In connection with these actions, expenses of EUR 9 million were recognised during the year ended 31 December 2022 (2021: EUR 6 million).

Legal and other provisions

The composition of legal and other provisions is as follows (in EUR million):

	2022	2021
Branded Apparel	15	9
Other	35	28
Total	**50**	**37**

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.

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 Mondelez 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 Mondelez International's conduct in relation to several product categories including coffee. The investigation concerns Mondelez International and does not involve JDE Peet's. On 31 January 2023, Mondelez 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 Mondelez, and our 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.

9.3 OTHER NON-CURRENT ASSETS

The composition of other non-current assets is as follows (in EUR million):

	2022	2021
Lease receivables	3	25
Supply contracts	—	19
Advance to related parties	24	28
Investment in associates	20	20
Other non-current assets	39	37
Total	**86**	**129**

The supply contracts relate to prepayments on a contract, which is amortised over 10 years as of August 2016. JDE Peet's has terminated the contract as a result of price negotiations which resulted in an impairment of the remaining book value of EUR 17 million as per 1 August 2022. The advance to related parties represent loans granted to key management members in relation to their share-based payment plans.

9.4 OTHER NON-CURRENT LIABILITIES

The composition of other non-current liabilities is as follows (in EUR million):

	Note	2022	2021
Deferred revenue		59	56
Share-based payment liability	7.1	17	20
Management-owned shares liability	7.1	25	68
Other		9	12
Total non-current liabilities		**110**	**156**

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 an amount of EUR 4 million (2021: EUR 9 million) in the selling, general and administrative expenses and a benefit of EUR 4 million (2021: expense of EUR 2 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 Share-based payments.

The change in the management-owned shares was as follows (in EUR million):

	2022	2021
Balance as at 1 January	68	81
Fair value through income statement	(4)	2
Repayments	—	(26)
Vesting of share-based payments	7	7
Exercises	2	1
Currency translation	5	5
Shares cancelled	(3)	—
Shared sold	(50)	—
Reclassification from / (to) equity	—	(2)
Balance as of 31 December	**25**	**68**

9.5 COMMITMENTS AND CONTINGENCIES

Commitments—The off-balance sheet commitments consist of the following (in EUR million):

	2022	2021
Purchase commitments	773	1,142
Operating leases	5	6
Guarantees	2	2
	780	**1,150**

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):

	2022	2021
Not later than one year	3	4
Later than one year and not longer than five years	2	2
Later than five years	—	—
	5	**6**

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 a high number of jurisdictions, and is subject to a wide variety of taxes per jurisdiction. Tax legislation can be highly complex and subject to interpretation. From time to time JDE Peet's is involved in tax disputes and proceedings relating to taxes arising in the ordinary course of business. As a result, JDE Peet's is required to exercise significant judgement in the recognition of taxes payable, provisions for income and non-income taxes and determination of tax contingencies. The outcome of tax disputes and proceedings is provided for when it is probable that the uncertain tax treatment will not be accepted and a reliable estimate of the outflow can be made (refer to note 8 for income taxes and note 9.2 for non-income taxes). The ultimate liability for such matters is dependent upon the outcome of negotiations with relevant tax authorities and/or litigation proceedings, and may vary significantly from the amounts provided. Contingent tax liabilities are possible obligations that are not probable. 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. 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 our 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 provided to date.

9.6 LEGAL ENTITIES

Below is a list of significant subsidiaries at 31 December 2022. 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 2022	Ownership percentage 2021
JACOBS DOUWE EGBERTS AU Pty. Ltd.	Australia	99%	99%
JACOBS DOUWE EGBERTS BE BVBA	Belgium	99%	99%
JACOBS DOUWE EGBERTS BR Comercialização de Cafés Ltda.	Brazil	99%	99%
FOODS Indústria e Comércio Ltda.	Brazil	99%	99%
JACOBS DOUWE EGBERTS OPS BG EOOD	Bulgaria	99%	99%
Wuxi Super Food Technology Co., Ltd.	China	99%	99%
JACOBS DOUWE EGBERTS OPS CZ s.r.o.	Czech	99%	99%
JACOBS DOUWE EGBERTS DK ApS	Denmark	99%	99%
JACOBS DOUWE EGBERTS FR S.N.C.	France	99%	99%
JACOBS DOUWE EGBERTS FR SAS	France	99%	99%
Maison Lyovel SAS	France	99%	99%
JACOBS DOUWE EGBERTS DE GmbH	Germany	99%	99%
JACOBS DOUWE EGBERTS GR EPE	Greece	99%	99%
JACOBS DOUWE EGBERTS Kazakhstan LLP	Kazakhstan	99%	99%
Super Food Technology Sdn. Bhd.	Malaysia	99%	99%
Super Foods Specialists Sdn. Bhd.	Malaysia	99%	99%
JACOBS DOUWE EGBERTS MA SARLAU	Morocco	99%	99%
Super Coffeemix Ltd.	Myanmar	60%	60%
JACOBS DOUWE EGBERTS International B.V.	The	99%	99%
Koninklijke Douwe Egberts B.V.	The	99%	99%
JACOBS DOUWE EGBERTS PRO NL B.V.	The	99%	99%
JACOBS DOUWE EGBERTS NL B.V.	The	99%	99%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Name of subsidiary	Country of incorporation	Ownership percentage 2022	Ownership percentage 2021
JDEP Holding B.V.	The	100%	99%
JACOBS DOUWE EGBERTS NZ Limited	New Zealand	99%	99%
JACOBS DOUWE EGBERTS NORGE AS	Norway	99%	99%
JACOBS DOUWE EGBERTS PL sp. z o.o.	Poland	99%	99%
JACOBS DOUWE EGBERTS RO Srl	Romania	99%	99%
JACOBS DOUWE EGBERTS Rus LLC	Russia	99%	99%
JACOBS DOUWE EGBERTS RTL SCC SG PTE. LTD.	Singapore	99%	99%
JACOBS DOUWE EGBERTS ES S.L.U.	Spain	99%	99%
JACOBS DOUWE EGBERTS S.E. AB	Sweden	99%	99%
JACOBS DOUWE EGBERTS TH Ltd.	Thailand	99%	99%
SCML (Thailand) Co., Ltd.	Thailand	99%	99%
Of Çaysan Tarım Ürünleri Entegre Tesisleri Sanayi ve Ticaret	Turkey	70%	70%
LLC Jacobs Douwe Egberts Ukraina	Ukraine	99%	100%
JACOBS DOUWE EGBERTS OPS GB Ltd	United	99%	99%
JACOBS DOUWE EGBERTS GB LTD	United	99%	99%
D.E. Holding UK Ltd	United	99%	99%
Peet's Coffee, Inc.	United States	98%	96%

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, Finland, Georgia, Hong Kong, Hungary, Indonesia, Ireland, Isle of Man, Italy, Lithuania, Mexico, Philippines, Portugal, 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. Refer to note 3.1 Business combinations for the consequences of losing control of subsidiaries during 2021.

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:

- DEF Holding SNC
- JACOBS DOUWE EGBERTS FRANCE SNC
- DEF FINANCE SNC
- Maison Lyovel SAS
- Jacobs Douwe Egberts IE Ltd
- D.E. Holding UK Ltd

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 2022 and 31 December 2021

In EUR million

	Note	2022	2021
Selling, general and administrative expense		(16)	(22)
Operating profit		**(16)**	**(22)**
Finance income		54	30
Finance expense		(74)	(54)
Share of profit of subsidiaries		800	806
Profit before income taxes		**764**	**760**
Income tax benefit		7	5
Profit for the period		**771**	**765**

COMPANY BALANCE SHEET

As at 31 December 2022 and 31 December 2020

Before appropriation of profit in EUR million

	Note	2022	2021
Non-current assets:			
Investments in subsidiaries	3	11,415	11,140
Deferred tax asset		—	1
Derivative financial instruments		46	31
Other financial assets		5	8
		11,466	**11,180**
Current assets:			
Trade and other receivables	4	29	21
Financial assets	5	4,944	4,921
Income tax receivable		1	2
Derivative financial instruments		5	3
		4,979	**4,947**
Total assets		**16,445**	**16,127**

	Note	2022	2021
Equity and liabilities			
Equity:			
Share capital	6	5	5
Share premium		9,997	9,975
Treasury shares		(471)	—
Legal reserves:			
- Cash flow hedge reserve		(21)	25
- Foreign currency translation reserve		(635)	(684)
- Other legal reserves		46	57
Other reserves		1,360	880
Profit for the period		771	765
		11,052	**11,023**
Non-current liabilities:			
Borrowings	8	4,696	4,592
Deferred income tax liabilities		3	—
		4,699	**4,592**
Current liabilities:			
Borrowings	8	454	284
Trade and other payables	7	197	200
Derivative financial instruments		43	28
		694	**512**
Total equity and liabilities		**16,445**	**16,127**

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 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 SIGNIFICANT 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):

	2022	2021
Balance at 1 January	11,140	10,165
Net result	800	806
Dividends	(566)	(196)
Capital increase	—	21
Other transactions with shareholders	15	—
Cash flow hedge reserve	(57)	84
Foreign currency translation	75	112
Other reserves	8	148
Balance as of 31 December	**11,415**	**11,140**

4. TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables is as follows (in EUR million):

	2022	2021
Receivable from other JDE Peet's companies	18	11
Other receivables	11	10
Total	**29**	**21**

All trade and other receivables are due within one year, no amounts are provided for.

5. OTHER (NON-)CURRENT FINANCIAL ASSETS

On 30 March 2021, the Company provided a loan for an amount of EUR 17 million, against an interest rate of 1.0%, to JDE International B.V. which was repaid on 4 June 2021. On 9 November 2021, the Company provided another loan to JDE International B.V. for an amount of EUR 216 million against an interest rate of 0.75% which was repaid on 21 December 2021.

The Company provided a total of EUR 6,210 million of loans to New Oak 2 B.V of which EUR 1,314 million was repaid in 2021. No repayments were made during 2022. The outstanding amounts as at 31 December 2022 and 31 December 2021 include a loan denominated in US dollars for USD 415 million. The weighted average interest rate is 0.65% (2021: 0.40%) with maturity dates from 2024 to 2033.

In EUR millions

	31 December 2021	Additions	Repayments/ redemptions	Currency translation	31 December 2022
Intercompany loan - New Oak 2 B.V.	4,921	—	—	23	4,944
Total	**4,921**	**—**	**—**	**23**	**4,944**

	1 January 2021	Additions	Repayments/ redemptions	Currency translation	31 December 2021
Intercompany loan - Peet's HoldCo, Inc	3	—	(3)	—	—
Intercompany loan - New Oak 2 B.V.	—	6,210	(1,314)	25	4,921
Intercompany loan - JDE International B.V.	—	233	(233)	—	—
Total	**3**	**6,443**	**(1,550)**	**25**	**4,921**

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 — As of 1 January 2021	**5**	**9,907**	**—**	**(765)**	**747**	**308**	**10,202**
- Profit for the period	—	—	—	—	—	765	765
- Retirement benefit obligation related items	—	—	—	—	171	—	171
- Foreign currency translation	—	—	—	100	12	—	112
- Foreign currency contracts	—	—	—	36	—	—	36
- Net investment hedge	—	—	—	(16)	—	—	(16)
- Interest rate swaps	—	—	—	48	—	—	48
Total Comprehensive Income / (Loss)	**—**	**—**	**—**	**168**	**183**	**765**	**1,116**
- Shared-based payment transactions	—	—	—	—	2	—	2
- Dividends	—	—	—	—	(351)	—	(351)
- Appropriation of profit 2020	—	—	—	—	308	(308)	—
- Release from legal reserve for internally developed software	—	—	—	(5)	5	—	—
- Other transactions with shareholders	—	—	—	—	(14)	—	(14)
- Issuance of shares	—	68	—	—	—	—	68
Balance — As of 31 December 2021	**5**	**9,975**	**—**	**(602)**	**880**	**765**	**11,023**

- Application of hyperinflationary accounting	—	—	—	—	31	—	31
Balance — As of 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 payments	—	—	—	—	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)
- Release from legal reserve from internally developed software	—	—	—	(11)	11	—	—
Balance — As of 31 December 2022	**5**	**9,997**	**(471)**	**(610)**	**1,360**	**771**	**11,052**

The Company's ability to declare dividends is limited to distributable reserves as defined by applicable law.

7. TRADE AND OTHER PAYABLES

The composition of trade and other payables is as follows (in EUR million):

	2022	2021
Trade and other payables	26	24
Dividend payable	170	176
Payable to related parties	1	—
Total	**197**	**200**

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 11 May 2022, a dividend of EUR 0.70 per share was approved, payable in two instalments of EUR 0.35 on 15 July 2022 and 27 January 2023.

8. BORROWINGS

During 2021, the Company issued unsecured notes, please refer to note 5.2 Borrowings in the consolidated financial statements for more details.

Per 31 December 2022, the Company had a bank overdraft with related parties for a total of EUR 454 million (2021: EUR 284 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-PARTY TRANSACTIONS

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.

12. APPROPRIATION OF NET RESULT FOR THE YEAR

JDE Peet's' Board proposes to pay a dividend of EUR 0.70 per share in cash related to FY 22. The dividend will be paid in two instalments of EUR 0.35 each. The first payment date will be on Friday 14 July 2023, with the ex-dividend date on Monday 10 July 2023 and the record date on Tuesday 11 July 2023. The second payment date will be on Friday 26 January 2024, with the ex-dividend date on Monday 22 January 2024 and the record date on Tuesday 23 January 2024. The dividend proposal is subject to approval by the Annual General Meeting of Shareholders to be held on Thursday 25 May 2023.

13. SUBSEQUENT EVENTS

Dividend

JDE Peet's' Board proposes to pay a dividend of EUR 0.70 per share in cash related to FY 22. The dividend will be paid in two instalments of EUR 0.35 each. The first payment date will be on Friday 14 July 2023, with the ex-dividend date on Monday 10 July 2023 and the record date on Tuesday 11 July 2023. The second payment date will be on Friday 26 January 2024, with the ex-dividend date on Monday 22 January 2024 and the record date on Tuesday 23 January 2024. The dividend proposal is subject to approval by the Annual General Meeting of Shareholders to be held on Thursday 25 May 2023.

RCF extension

In February 2023, JDE Peet's extended the RCF facility with one year, to 30 March 2028.

8 March 2023

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. Garcia 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
Stand-in non-executive Director

P. Abadie Capel
Stand-in 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 22. The dividend will be paid in two instalments of EUR 0.35 each. The first payment date will be on Friday 14 July 2023, with the ex-dividend date on Monday 10 July 2023 and the record date on Tuesday 11 July 2023. The second payment date will be on Friday 26 January 2024, with the ex-dividend date on Monday 22 January 2024 and the record date on Tuesday 23 January 2024. The dividend proposal is subject to approval by the Annual General Meeting of Shareholders to be held on Thursday 25 May 2023.

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 2022 INCLUDED IN THE 2022 ANNUAL REPORT

Our opinion

We have audited the financial statements for the year ended 31 December 2022 of JDE Peet's N.V., based in Amsterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

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 2022, and of its result and its cash flows for 2022 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 2022, and of its result for 2022 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 2022.
2. The following statements for the year ended 31 December 2022: the Consolidated Income Statement, the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The Company Balance Sheet as at 31 December 2022.
2. The Company Income Statement for the year ended 31 December 2022.
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 61 million (2021: EUR 52 million). The materiality is based on 6.0% (2021: 5.3%) of profit before tax. 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 32 million (2021: EUR 28 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 3.0 million (2021: EUR 2.6 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. Such components included the Company's operations in Brazil, France, Germany, United Kingdom, and the United States.

We have performed audit procedures ourselves at JDE Peet's N.V., corporate entities and the 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 the areas such as ESG, treasury, information technology, tax, accounting, pensions and valuations. the operations in the Netherlands.For selected 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 our oversight procedures varied based on both quantitative and qualitative considerations.

The group entities, that were subject to full-scope audits and audits of specified account balances and classes of transactions, comprise approximately 71% of consolidated revenues, approximately 74% of consolidated operating profit, and approximately 94% of consolidated total assets. 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.

Audit coverage of consolidated revenues	71%
Audit coverage of consolidated operating profit	74%
Audit coverage of consolidated total assets	94%

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 about 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 and bribery and corruption in close co-operation with our forensic specialists. 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 are relatively low. There exists sales incentives and marketing accruals 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.

In connection with the presumed risk of financial statement fraud, we considered such risk in relation to management override of controls, including evaluating whether there was evidence of bias by the Board and 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 evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, 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 with others within 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 judgments 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 judgments 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 judgment. Reference is made to the section 'Our key audit matter'.

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.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach related to risks of compliance with laws and regulations

We assessed the laws and regulations relevant to the Company through discussion with, amongst others, the Board, and Group Legal Counsel , reading minutes of board meetings and reports of internal audit. We also involved our forensic specialists in this assessment.

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 auditWe 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 noncompliance 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, and human rights.

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 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;

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.

Goodwill and Other Intangible Assets Impairment Analysis - Significant Estimates and Judgements

Key audit matter	As per December 31, 2022 the Group's balance sheet includes EUR 12,366 million of goodwill, as disclosed in Note 3.2 Goodwill and other intangible assets. 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 judgment for both valuation assumptions (e.g. discount rates and long-term growth rate) and business assumptions (e.g. revenue and operating results). Out-of-Home Goodwill associated with the Out-of-Home segment amounts to EUR 2,103 million. The 2022 performance of the Out-of-Home segment remains impacted by COVID-19 conditions globally as well as changes in behavior as a result of the pandemic and broader macro-economic circumstances; these circumstances impact the segment both operationally and financially. This increases the level of uncertainty associated with future cashflows due to future effects of working patterns, the recovery of out-of-home consumption, travel & hospitality and cash flows resulting from value creation initiatives. CPG LARMEA Goodwill associated with the CPG LARMEA segment amounts to EUR 673 million. The 2022 impairment assessment is sensitive to changes in the discount rate which is partially driven by Russian country-risk premiums. The ongoing war in Ukraine increases the level of estimation associated with the Russian country-risk premium. Due to the significant judgments involved in out-of-home business assumptions and the impact of the ongoing war in Russia on discount rates we have considered this topic to be a key audit matter.

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 business and valuation assumptions, the methodologies applied and the data used by the Company. In relation to business assumptions we have evaluated management's expectations of future revenue and EBIT growth (including recovery in channels impacted by COVID-19), for example by evaluating the ability to predict future cashflows and intent of management to carry out various initiatives and the recovery of the business comparable to pre-COVID year 2019. We have also evaluated alternative (ranges of) outcomes and scenarios for major initiatives, supported with information obtained with multiple individuals, including but not limited to Global Responsible functions on Accounting & Reporting, Out-of-Home, FP&A, Operations and R&D. In relation to valuation assumptions 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. 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 paid specific attention to the sensitivity of possible outcomes of both the valuation and business assumptions, and evaluated various alternative scenarios addressing underlying uncertainties. We have also assessed the adequacy of the Company's disclosure Notes 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	We observe that the estimated recoverable amount for the Out-of-Home segment remains adversely affected compared to pre-Covid years, and that realizability of the associated goodwill balance is critically dependent on the (pace of) recovery of the relevant markets, and on the effectiveness of management's initiatives. We observe that the estimated recoverable amount for the CPG LARMEA segment is negatively impacted by the segment WACC rates which have increased during 2022 as a result of the war in Ukraine. We have communicated the outcome of our procedures to those charged with governance.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE 2022 ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the 2022 annual report contains other information that consists of:

- The Report of the Management Board, as defined on page 104.
- 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 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 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, for the audit of 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 Reporting Format (ESEF)

JDE Peet's N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Commission 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 RTS on ESEF, whereby management combines the various components into a 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 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, the Board 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.

Management 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 skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

a. 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.
b. 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.
c. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. 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 a company to cease to continue as a going concern.
e. Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
f. 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, among 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, 8 March 2023

Deloitte Accountants B.V.

Signed on the original: M.J. van der Vegte

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON JDE PEET'S SELECTED SUSTAINABILITY KPIS

To: the shareholders and the Board of JDE Peet's N.V.

Our conclusion

We have reviewed selected key performance indicators (further: "KPIs") in the accompanying Annual Report for the year 2022 of JDE Peet's 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 2022 ("Result 2022") as disclosed on page 46, namely:

Common Ground Pillar	KPI name
Responsible Sourcing	1. Percentage of responsible sourced green coffee
	2. Percentage of responsibly sourced tea
	3. Percentage of responsibly sourced palm oil
	4. Number of new smallholder farmers reached (only the incremental increase in 2022)
Minimising Footprint	5. Percentage of packaging components designed to be reusable, recyclable or compostable
	6. Percentage of scope 1 & 2 GHG emissions reduction (vs 2020)
	7. Percentage of water intensity reduction per ton of production (vs
	8. Number of manufacturing sites to be zero-waste-to-landfill sites
Connecting People	9. Percentage in share of women in leadership positions
	10. Percentage of manufacturing facilities with FSSC 22000 certification or equivalent

Basis for our conclusion

We have performed our review of the KPIs 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 assurance engagement is aimed at obtaining limited assurance. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the KPIs'.
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 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 section 'Non-Financial Information' on pages 102 to 104.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Consequently, the KPIs need to be read and understood together with the reporting criteria used.

Limitations to the scope of our review

No audit or review has been performed on historical sustainability information for the periods up to and including 2021. Consequently, the corresponding sustainability information and thereto related disclosures for the period up to and including 2021 are excluded from the limited assurance scope.

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to this prospective information the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The references to external sources, third parties or websites in the sustainability report are not part of the KPIs as reviewed by us. We therefore do not provide assurance on this information. In accordance with the reporting criteria, we evaluate whether purchases, volumes, classifications and compliance were substantiated by a third-party verifications or certification report. We have not performed any procedures on the objectivity or competence of the third party or its processes underpinning these verifications or certifications.

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 on pages 100 to 101 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:

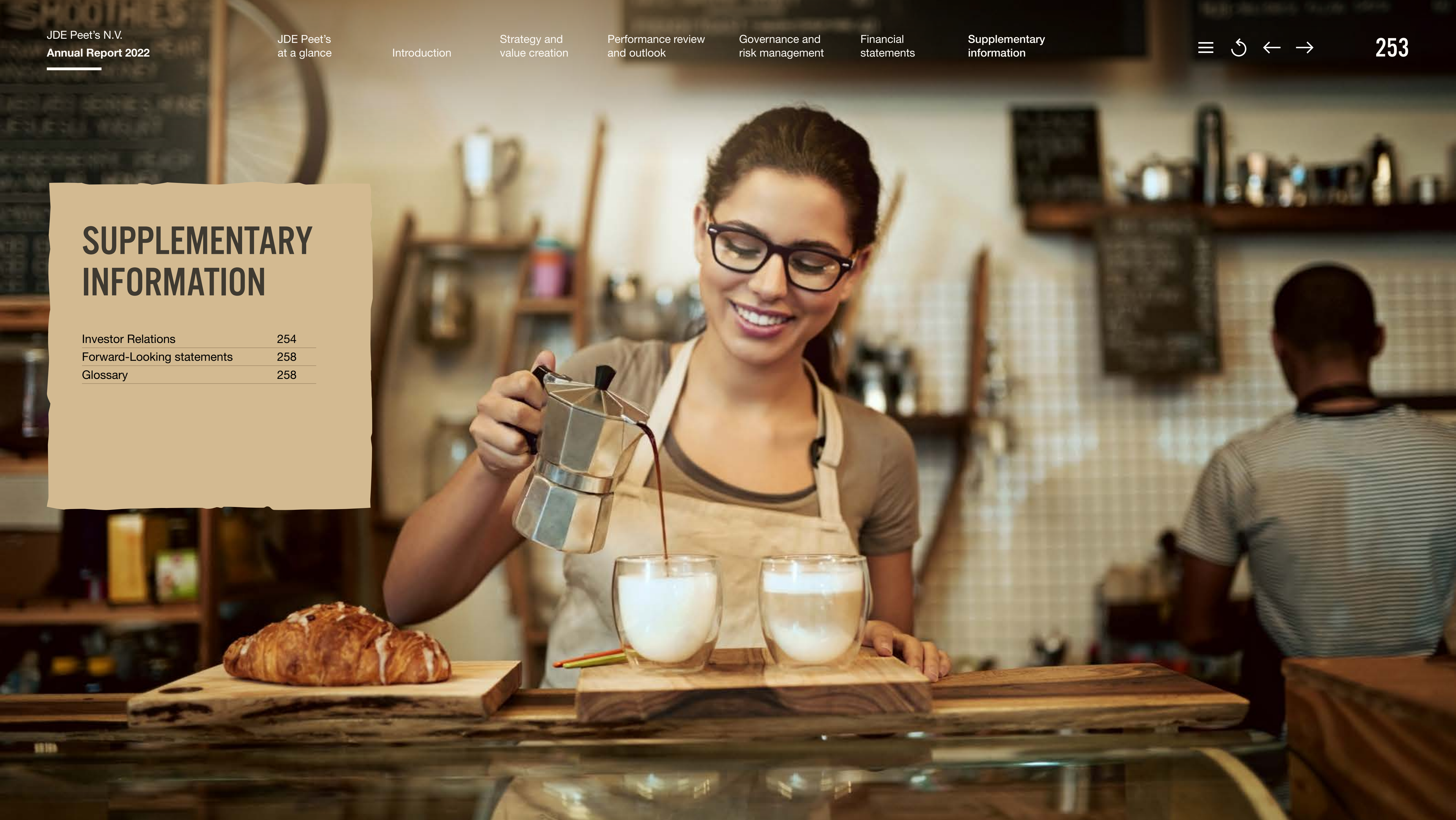
- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company including a media search to identify relevant risks and issues within the scope of the assurance engagement during the reporting period;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures for the KPIs.
- Obtaining through inquiries a general understanding of the control environment, processes and information systems relevant to the preparation of the KPIs, but did not obtain evidence about their implementation or test their operating effectiveness;
- Identifying areas of KPIs where a material misstatement, whether due to errors of fraud, are most likely to occur, designing and performing procedures responsive to these areas, and obtaining information that is sufficient and appropriate to provide a basis for our conclusion.
- Inspection, observation, confirmation, recalculation and sample testing to be performed where deemed necessary on the selected sustainability KPIs.
- Performing an analytical review of the data and trends.

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, 8 March 2023

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. In order 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. The exact start dates of these so-called 'quiet periods' are published in the Financial Calendar section on our corporate website.

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 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.

In 2022, JDE Peet's hosted around 149 (virtual and in-person) investor meetings, reaching around 194 unique investment institutions. As part of this engagement, the company met (virtually or in-person) at least twice with 9 of its 10 largest shareholders, excluding its two largest shareholders and passive funds.

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 2021, JDE Peet's had 501,951,089 ordinary shares outstanding. On 9 May 2022, the company repurchased 18,573,551 shares from its shareholder Mondelez International Holdings Netherlands B.V. at the closing price of EUR 26.92 on Friday 6 May 2022. These repurchased shares were held in treasury for the remainder of the year.

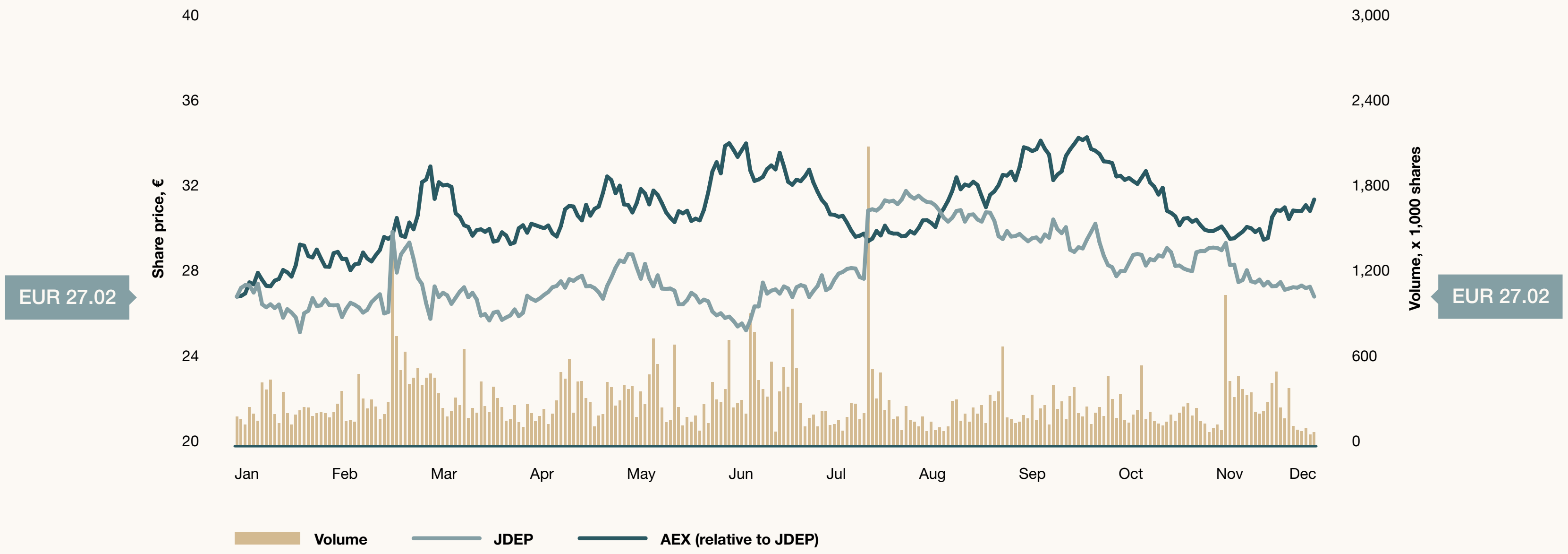
In addition, the company issued 794,768 ordinary shares in 2022, mainly as a result of ordinary shares granted to certain employees under the Long-Term Incentive Plan and other share incentive plans. As a result, the total number of issued and outstanding ordinary shares in the share capital of JDE Peet's amounted to 502,745,857 on 31 December 2022.

On 31 December 2022, Acorn Holdings B.V. held 276,600,157 ordinary shares, and Mondelez International Holdings Netherlands B.V. held 95,700,247 ordinary shares of the total issued and outstanding shares in the company's share capital. These two holdings together represented 74.1% of the total issued and outstanding share capital of JDE Peet's, resulting in a free float of 22.5% on 31 December 2022. These percentages are 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. The table includes the total interests registered at the AFM on 31 December 2022.

	Date	Total % registered
Mawer Investment Management Ltd.	20 Dec. 2022	3.10%
JDE Peet's N.V.	8 May 2022	3.69%
Mondelez International, Inc.[65]	8 May 2022	19.04%
B.D. Trott	2 Sep. 2021	2.96%
Agnaten SE[66]	18 Mar. 2021	55.35%
Lucresca SE[67]	18 Mar. 2021	55.35%

75 Through its subsidiary Mondelez International Holdings Netherlands B.V.
76 Agnaten SE and Lucresca SE have indirect actual joint control over the shares held by Acorn Holdings B.V.
77 Agnaten SE and Lucresca SE have indirect actual joint control over the shares held by Acorn Holdings B.V.



These stated interests may differ from the current interests of the relevant shareholders as these interests are based on the number of shares outstanding at the time of the filling and are not adjusted for any additional share issuances since that date. Additionally, institutions only have to update their filings if their capital and/or voting interest crosses the 3% or a subsequent 5% threshold.

The following graph depicts JDE Peet's' share price evolution since the start of 2022.

The average daily trading volume in JDE Peet's' shares at Euronext Amsterdam in 2022 was 309,466 shares, compared to 255,701 shares in 2021.

On the basis of a total number of issued ordinary shares of 502,745,857 and the closing share price on 31 December 2022 of EUR 27.02, JDE Peet's' market capitalisation was EUR 13.6 billion at the end of 2022.

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 to generate 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 2022, the company's leverage stood at 2.65x 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 fulfill 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 FY 22. The dividend will be paid in two instalments of EUR 0.35 each. The first payment date will be on Friday 14 July 2023, with the ex-dividend date on Monday 10 July 2023 and the record date on Tuesday 11 July 2023. The second payment date will be on Friday 26 January 2024, with the ex-dividend date on Monday 22 January 2024 and the record date on Tuesday 23 January 2024. The dividend proposal is subject to approval by the Annual General Meeting of Shareholders to be held on Thursday 25 May 2023. 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 2023

The AGM is scheduled for Thursday 25 May 2023. The agenda and the explanatory notes to the agenda will be published on the company's corporate website.

FINANCIAL CALENDAR 2023 AND 2024

2023

Annual General Meeting of Shareholders	25 May
Ex-dividend date (first instalment)	10 July
Dividend record date (first instalment)	11 July
Dividend payment date (first instalment)	14 July
First-half results 2023	2 August

2024

Ex-dividend date (second instalment)	22 January
Dividend record date (second instalment)	23 January
Dividend payment date (second instalment)	26 January

ADDITIONAL INFORMATION & CONTACT

JDE Peet's' corporate website provides comprehensive information about the company and its shares, including, among others, company announcements, annual and semi-annual reports, financial data, investor presentations, webcasts and transcripts, and a financial calendar. At the end of 2022, JDE Peet's was covered by 15 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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DEFINITIONS OF OUR MOST MATERIAL TOPICS

FIRST TIER - MOST MATERIAL TOPICS OF VERY HIGH IMPORTANCE TO OUR STAKEHOLDERS AND OUR BUSINESS SUCCESS

- **Climate action**: Our efforts to reduce or prevent emissions of greenhouse gases by deploying decarbonisation technologies and identifying, assessing, and managing climate-related risks at all levels of business operations along our entire value chain.
- **Diversity, equity & inclusion**: Our believe in 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 women to grow into leadership positions.
- **Ethics and governance**: Our company's policies, standards, principles and norms that govern the actions at all levels of our organisation. General principles of governance and ethics include accountability, transparency, integrity and compliance.
- **Farmer livelihoods**: Our commitment to make a difference in the lives of farmers, their households, and larger farming communities. Through our Responsible sourcing programme under Common Grounds we work closely with relevant stakeholders in the sector to support farming communities' vision of prosperity and respect for human rights.
- **Forest & biodiversity protection**: Our contribution to protect our planet even when coffee is not a big contributor of deforestation. We identify and assess the risks that it possesses to define the right actions to preserve our world's biodiversity as it can impact the availability of our rich main raw material.
- **Human rights**: Applicable to all our employees, our farmers, suppliers and other stakeholders in our value chain. We commit to high standards of social and environmental responsibility and ethical conduct as signatory of the UN Global Compact and in line with internationally recognised human rights standards such as ILO.
- **Product safety and quality**: Production and sale of high-quality, reliable products (manufactured products and food & beverage products) in line with our company's quality standards and international food management standards, to bring the right cup to every customer and consumer.
- **Responsible sourcing**: Includes sustainable agriculture, supply chain transparency and responsible supplier labour practices. Refers to good agricultural practices (GAP) 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. Provides visibility into the supply chain including the origin of raw materials and transparency on actual and potential negative environmental, social, economic and legal impacts. Our suppliers' and their subcontractors' business must comply with our Supplier Code of Conduct and all applicable laws and regulations regarding immigration, working conditions and occupational safety..
- **Sustainable packaging**: Our efforts in the purchasing, design and development of the primary, secondary, and tertiary packaging of our products and components to minimise the environmental impact across the whole lifecycle by reducing the amount we use, enabling recycling/composting/reuse and including recycled content (where regulations allow).

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 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.
- **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 CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3. The CO_2 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 CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3.
- **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.
- **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.
- **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.
- **Out-of-Home**: coffee & tea products purchased for consumption outside of the home through our Out-of-Home coffee solutions.
- **Ready-to-drink**: beverages that are sold in a prepared form, ready for consumption by consumers.
- **Smallholder farmer**: small-scale agricultural producers that primarily rely on family or household labour or workforce exchange with other members of the community.
- **Single-serve**: coffee products for single-cup use, as opposed to multi-cup use.
- **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.

SELECTED ABBREVIATIONS

- **AGM**: Annual General Meeting of Shareholders
- **APAC**: Asia Pacific
- **CHRO**: Chief Human Resources Officer
- **CO_2e**: 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
- **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 and amortisation, adjusted for the depreciation and amortisation already included in the adjusting items as included in adjusted EBIT.
- **Adjusted EBITDA**: Adjusted EBITDA are defined as operating profit before depreciation and amortisation, 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 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 expenses**: Adjusted financial income and expenses is defined as financial income and expense, adjusted for the effect of non-recurring items such as the costs related to refinancing activities. No adjustments were made in 2019 and 2020.

- **Free cash flow**: Free cash flow is defined as net cash provided by operating activities less capital expenditure.
- **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 and divestitures) 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. In 2020 there was an adjustment of EUR 6 million related to an ERP implementation in the Out-of-Home segment.
- **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 and divestitures) 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. In 2020 there was a sales adjustment of EUR 10 million related to an ERP implementation in the Out-of-Home segment.
- **Organic sales growth**: Organic sales growth is defined as the growth in organic sales between the given and comparable year.
- **Underlying profit**: Underlying profit is defined as adjusted EBIT for the period including adjusted financial income and expenses, adjusted income tax expense and income from associates and joint ventures, adjusted for minority shareholders.