

2013

Lavazza Supplier Code of Conduct

LAVAZZA

Version date:
September 27, 2013

TABLE OF CONTENTS

TABLE OF CONTENTS	2
LAVAZZA SUPPLIER CODE OF CONDUCT	3
OUR COMMITMENTS TO YOU	4
OUR EXPECTATIONS FROM YOU	5
1. PASSION FOR EXCELLENCE	6
COMPLIANCE WITH TECHNICAL AND QUALITY REQUIREMENTS	6
CONTINUOUS IMPROVEMENT	6
2. ETHICS	7
CONFLICT OF INTERESTS	7
PROTECTION AND DISCLOSURE OF INFORMATION	7
IMPROPER ADVANTAGE	7
3. GRATEFULNESS	8
CORPORATE CITIZENSHIP	8
SUPPORT TO RURAL COMMUNITIES	8
4. LABOUR & HUMAN RIGHTS	9
NON-DISCRIMINATION	9
PREVENTION OF INVOLUNTARY LABOUR	9
UNDERAGE LABOUR	10
WORKING HOURS	10
WAGES AND BENEFITS	10
FREEDOM OF ASSOCIATION	10
5. FARSIGHTEDNESS	11
PROMOTION OF ECO-INNOVATION	11
6. TRANSPARENCY	12
THE AUDITING SYSTEM	12

Lavazza Supplier Code of Conduct

The values we believe in, can be fully respected only if they are shared with all our stakeholders and fostered in our daily activities. It is a common goal of which we would like to make you fully aware by asking you to accept the present Supplier Code of Conduct (SCC).

The Lavazza supplier code of conduct is modelled on the Lavazza Code of Ethics (<http://www.lavazza.com/corporate/opencms/en/lavazza-world/ethics.html>). Recognized standards such as the UDHR and ILO were used as references.

Our commitments to you

At Lavazza we believe that the way we do business is not less important than the results we achieve: in no case shall the fulfilment of company objects override legal or ethical standards. For this reason, as formally stated in our Code of Ethics, all our interlocutors can always expect from us:

- maximum respect;
- commitment to always perform at the best of our knowledge;
- openness to learn, to listen and to cooperate;
- loyalty, moral rectitude and integrity;
- transparency and impartiality.

Lavazza's success also depends on the ability of building with all Suppliers fair and honest relationships based on open dialogue and resulting in mutual benefits.

In day to day activities with our Suppliers we commit to respecting these values:

- **Passion for excellence:** we base our choices solely on criteria of merit, reliability and competitiveness;
- **Ethics:** we strive to meet Suppliers' needs in the respect of mutual expectations and we will adopt a proactive approach in tackling potential critical situations;
- **Gratefulness:** we intend to facilitate the inclusion of our Suppliers in technology innovation projects and in the continuous improvement of products and services with the aim to build a model of shared value;
- **Labour and Human Rights:** we treat our Suppliers with loyalty, fairness and professionalism, and will not abuse of the contractual power which might derive from being a large industrial Group;
- **Farsightedness:** our aim is to establish a durable relationship with the Suppliers who work with our Group, avoiding behaviours which might hamper mutual trust and continuous cooperation;
- **Transparency:** we commit to facilitate information sharing with our Suppliers in order to ensure equal opportunities for everyone, we set clear requirements for awarding business contract and we foster open communication for preventing and avoiding any controversy or disagreement.

Our expectations from you

The principles, described hereunder, are the key guidelines we are committed to and, in the same way, we ask our Suppliers to adhere to when conducting business with us; we expect that same guidelines to be applied by our Suppliers in their business relationships.

We recognise that many of our Suppliers operate in different legal and cultural environments and that implementing some these requirements may be challenging. We therefore encourage to initiate dialogue and engage with us if compliance with these standards can be only partially achieved.

By accepting this Code, Suppliers commit to behaving in accordance with the values described in sections below.

1. Passion for excellence



Compliance with technical and quality requirements

Lavazza guarantees high quality and safe products to its clients and consumers, and expects Suppliers to comply with all applicable national and international standards and with Lavazza's quality requirements. We expect our Suppliers to carefully follow all the specifications we detail and, when in doubt, to promptly ask for assistance.

Quality standards are hard to meet if the origin of raw materials or their processing conditions are uncertain. For this reason we request our Suppliers to carefully select raw materials.

Continuous improvement

We give priority to Suppliers who can give evidence of compliance with all the provisions of this Code and to those that are genuinely engaged in improving their performance pursuing or anticipating market requirements. If during our assessment we identify corrective actions, we require our Suppliers to be fully committed to undertaking the appropriate measures. We reserve the right to terminate without liability any relationship or agreement with Suppliers refusing to take corrective actions within a reasonable period of time.

2. Ethics



Conflict of interests

In order to build solid commercial relationships, the Suppliers shall avoid all behaviours which might hamper trust. According to this principle, conflict of interests or situations giving the appearance of a potential conflict of interests must be promptly notified.

Suppliers shall **always**

Notify any situation that may appear as a conflict of interest to Lavazza at the earliest possible time.

Suppliers shall **never**

Try to take advantage of personal relationship with Lavazza employees whilst conducting business with us.

Protection and Disclosure of Information

As stated in the non-disclosure agreement we require all our Suppliers to sign, all business information must be considered strictly confidential and Suppliers shall restrict access to such information only to those employees directly involved in the project.

Suppliers shall **never**

Disclose sensitive information about our Group to third parties unless explicitly authorized to do so by us or competent authorities.

Improper Advantage

The Supplier shall not, in order to obtain or retain business or any advantage in the conduct of business, offer or promise direct or indirect payment be it in monetary or any other form thus obtaining an improper advantage against other potential suppliers.

Similarly, the Supplier must comply with all tax and transparency national and international applicable laws and must refrain from any form of tax evasion or money laundering

Suppliers shall **never**

Try to influence Lavazza's employees providing inappropriate gifts or entertainment

3. Gratefulness



Corporate citizenship

We expect our Suppliers to foster durable relationship with the communities where they operate, making active contributions to address the social and environmental challenges they face. We invite our Suppliers to be proactive in sharing value all along the supply chain, promoting the principles stated in this Code with all their suppliers and subcontractors.

Support to rural communities

Lavazza fosters the sustainability of the food production chain, particularly in green coffee growing communities. We expect Suppliers to support coffee production communities by ensuring adequate economic conditions which concur to improving their living and working conditions and to enhancing their productivity and the environmental sustainability of their production.

4. Labour & Human Rights



Health & Safety

We expect Suppliers to comply with all applicable safety laws and regulations creating a healthy and secure working environment. In order to minimise the risk of incident and injury, Suppliers shall provide appropriate equipment, plan effective controls and establish safe working procedures. In addition, Suppliers shall give appropriate safety information and training to employees. Moreover, Suppliers shall set up systems to report, analyze and eliminate any hazardous situations and employees shall be encouraged to report occupational injury or illness to their supervisor.

Suppliers shall **always** implement effective programmes and systems to ensure the safety of workers.

Non-Discrimination

Lavazza embraces the values expressed in the Universal Declaration of Human Rights and in the Fundamental Conventions of the International Labour Organization. In particular we request that the Suppliers do not discriminate in hiring and employment practices on the basis of race, color, religion, gender, sexual orientation, age, physical ability or health condition, political opinion, nationality, social or ethnic origin or marital status.

Suppliers shall **always** Treat their employees with fairness, respect and dignity, guaranteeing equal opportunities to all.

Prevention of Involuntary Labour

The Suppliers shall not use or benefit from any form of forced labour, exacted under the menace of penalty and for which the worker has not offered himself voluntarily. Likewise employees shall be free to withdraw from their employment contracts without fear of retaliation.

Suppliers shall **always**

Ensure that their sub-contractors and other third parties working on their behalf understand our expectation that no forced labour will be used in their work.

Underage Labour

We call on our Suppliers to genuinely engage in the effective abolition of child labour. According to the International Labour Organisation definition, child labour refers to any activity that is harmful for children development, could prejudice their health or prevents children from attending compulsory schooling.

- Suppliers shall **never** employ any person below the legal age of employment, as determined by the Fundamental Conventions of International Labour Organization and in respect of the local social and legal framework.
- Suppliers shall **always** Ensure that their sub-contractors and other third parties working on their behalf understand our expectation that no child labour will be used in their work

Working Hours

The Supplier shall comply with all applicable national laws and industry standards. In addition Suppliers should provide weekly rest periods, at least one day off per seven-day week, and annual holidays. Under no circumstances shall work weeks exceed the maximum permitted under applicable laws and regulations.

Wages and Benefits

Suppliers shall comply with all applicable laws and collective agreements regarding wages and benefits. In addition to normal wages, employees must be paid for overtime hours and receive benefits that meet legal requirements. We invite our Suppliers to ensure that their employees receive adequate wages.

Freedom of Association

The Supplier shall recognize, if foreseen by applicable laws, the right of employees to join workers' organizations and the right of these ones to collective bargaining. Likewise our Suppliers shall understand the importance of direct engagement between workers and management and promote open communication regarding working conditions without fear of harassment, intimidation or reprisal.

5. Farsightedness



Compliance with environmental laws

Lavazza is committed to respecting the environment all along the value chain and expects the same from its suppliers: our Suppliers shall comply with all applicable environmental laws, and in so doing obtain and maintain the necessary registrations, permits and licenses regarding wastewater and solid waste emissions, air emissions, environmental permits and pollution prevention.

Promotion of eco-innovation

We expect our Suppliers to design their processes in order to minimize negative environmental impact, reduce waste of natural resources (with particular attention to water and energy conservation) and promote recycling and reusing. Therefore we strongly recommend a pro-active approach towards innovative solutions and technologies aimed at proposing continuously improved and lower environmental impact products and services.

6. Transparency



Provide evidence of compliance

Our Suppliers shall monitor the compliance with the present Supplier Code of Conduct and maintain the necessary documentation to substantiate compliance with these standards as well as with applicable legislation. The Supplier shall notify Lavazza of areas of non-compliance and planned corrective actions.

Suppliers shall **never**

hide any critical areas / plead ignorance of any non-compliance areas

Suppliers shall **always**

disclose to Lavazza documentation ensuring the compliance with the Supplier Code of Conduct.

The auditing system

Lavazza reserves the right to verify the Suppliers' compliance with the Code, including facilities inspections, with or without notice, and employees interview. Lavazza expects Suppliers to address shortcomings to the present Supplier Code of Conduct with targeted corrective measures.

References

ILO International Labour Standards

<http://www.ilo.org/global/topics/lang--en/index.htm>

Universal Declaration of Human Rights

<http://www.un.org/en/documents/udhr/index.shtml>