

The logo for Lavazza, featuring the word "LAVAZZA" in a bold, blue, sans-serif font. The letter "A" is significantly larger and more prominent than the other letters.

TORINO, ITALIA, 1895

**LAVAZZA SUPPLIER
CODE OF CONDUCT**

DECEMBER 2017

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LAVAZZA SUPPLIER CODE OF CONDUCT

The values we believe in can be fully respected only if they are shared with all our partners and stakeholders and fostered in our daily activities.

This is a common goal that Lavazza¹ would like to make Suppliers fully aware of by asking you to sign and accept this Supplier Code of Conduct ("SCC" or "Code") and to act in compliance with its provisions.

All Lavazza Suppliers must act in compliance with the Code and ensure that their sub-contractors (if any) as well as any other third party working on their behalf (hereinafter, together with the Lavazza Suppliers collectively referred to as "Suppliers") act in full compliance with the Code.

The SCC is modelled on the Lavazza Code of Ethics (<http://www.lavazza.com/en/lavazza-world/ethics.html>).

Internationally recognised standards, such as the United Nations "Universal Declaration of Human Rights", the ILO "International Labour Standards", the Save The Children, UNICEF and UN Global Compact "Children Rights and Business Principles", the United Nations "Global Compact's Ten Principles", among others, were used as references (see "References" section at the end of this SCC). Furthermore, Lavazza supports the values expressed in COP 21 (Conference of the Parties) and following editions.

A special thanks to our partners: ITC ILO (International Training Centre of the International Labour Organization), Oxfam Italia Onlus, Save the Children Italia Onlus and OECD (Organisation for Economic Co-operation and Development) for their suggestions regarding the formulation of this Code.

¹ - Any reference to "Lavazza" herein shall be considered and construed as a reference to Luigi Lavazza S.p.A., a company incorporated and existing under Italian law with its registered office at Via Bologna 32 – 10152 Torino (Italy) and/or any of its affiliates, subsidiaries and other companies belonging to the Lavazza group of companies (the "Lavazza Group").





Our commitments to you

At Lavazza, we believe that way the we do business is no less important than the results we achieve: in no case shall the fulfilment of company objectives overrides legal or ethical standards.

For this reason, as formally stated in our Code of Ethics, all our counterparts can always expect from us:

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

At Lavazza, we are aware that success also depends on the ability of building with all our Suppliers fair and honest relationships based on an open dialogue and resulting in mutual benefits.



In our 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 quality;
- **Ethics:** we strive to meet our Suppliers' needs in the respect of mutual expectations and we will adopt a proactive approach in tackling potential critical situations and a reactive approach if critical areas are identified;
- **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 fairness and professionalism; Lavazza recognises and respects international principles in the areas of human rights and working conditions;
- **Foresightedness:** our aim is to establish a durable relationship with our Suppliers, 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 contracts and we foster open communication for preventing, avoiding and managing any controversy or disagreement.

Our expectations from you

The principles and provisions of the SCC are the key guidelines we are committed to and we ask all our Suppliers and their contractors, sub-contractors and other parties working on their behalf to adhere with them when conducting business with us.

By accepting this Code, Suppliers commit to behave in accordance with the values and standards outlined in this document.

Suppliers are requested to apply the same principles and act in conformity thereto in all their business relationships, and to continuously improve their sustainability performance by implementing appropriate actions.

We are aware that many Suppliers operate in different legal and cultural environments and that implementing some provisions of the SCC may be challenging. Therefore, compliance with the provisions of this Code must be assessed taking



into account the national and international laws and locally applicable regulations. However, Lavazza expects Suppliers to promptly inform and engage with Lavazza if compliance with the provisions of this Code can only be partially achieved for those reasons.

Suppliers shall appoint at least one person who shall have defined responsibilities and the authority to ensure and report compliance with the requirements of this Code. Suppliers shall ensure that all its

workers, directly or indirectly involved in the activities related to the goods or services to be supplied to Lavazza, are made aware of the Code, using any appropriate and effective communication means.





1 - PASSION FOR EXCELLENCE

1.1 - Compliance with the law

Lavazza expects Suppliers to always strictly comply with all and any applicable national and international laws and technical standards when conducting business with Lavazza.

1.2 - Products and services safety, compliance with the law and technical and quality requirements

Goods and services provided by Suppliers must comply with national and international applicable laws and regulations on their quality and safety, meet - or exceed - the relevant industry technical standards on quality and safety and conform to the quality and safety standards potentially required by Lavazza.

We expect Suppliers to carefully comply with all the specifications we may provide 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 Suppliers to carefully select raw materials, components, work in progress goods and, upon request, provide information about the relevant supply chain.

1.3 - Continuous improvement

We give priority to Suppliers who are able to provide evidence of compliance with provisions of this Code and to those that are genuinely engaged in improving their performance.

2 - ETHICS

2.1 - Conflict of interest

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

Whilst conducting business with Lavazza, Suppliers shall never try to take advantage of their personal relationship with Lavazza workers.

2.2 – Confidentiality, protection and disclosure of information

All business information regarding Lavazza must be considered strictly confidential and Suppliers shall allow access to such information only to those workers directly involved in the project. Suppliers shall never disclose sensitive information about Lavazza to third parties unless explicitly authorised to do so by Lavazza or by competent authorities.

This may be stated also in the non-disclosure agreement that Lavazza may require Suppliers to sign prior to signing the contract or even thereafter.

2.3 - Improper Advantage

The Supplier shall not, in order to obtain or retain business or any advantage in the conduct of business, give, offer or promise direct or indirect payment, be it in monetary or any other form, thus obtaining an improper advantage against other potential Suppliers. Suppliers shall never try to influence Lavazza workers providing inappropriate gifts or entertainment.

2.4 – Economic Accountability

Suppliers must comply with all and any national and international accounting, tax and transparency applicable laws and must refrain from any form of tax evasion and elusion, money laundering or other similar unlawful conduct.







3 - GRATEFULNESS

3.1 - Corporate citizenship and Support to local communities

Lavazza expects Suppliers to foster long-lasting relationships with the communities where they operate, making active contributions to address the social and environmental challenges they face.

We request Suppliers to be proactive in sharing Lavazza values all throughout the supply chain, promoting the principles stated in this Code with all their Suppliers and subcontractors and verifying their application.

Lavazza fosters the sustainability of the food production chain, particularly in green coffee growing communities.

We request Suppliers to reasonably support local production communities by promoting inclusive community development, providing adequate economic conditions which concur to improving their living and working conditions and to enhancing their productivity and the social and environmental sustainability of their production.

Lavazza encourages Suppliers to include mechanisms and practices aimed to reduce risks for producers (for example: minimum price guaranteed, multi-annual contracts, etc.) and encourages them to adopt measures in their commercial relations, enabling small scale producers to improve living conditions and quality of products.

3.2 - Conducting business in a way that honours local communities

Suppliers shall always prevent, assess and adequately address any adverse health and safety impact of their operations on surrounding communities and respect their rights and cultural heritage.

Suppliers should make their best efforts to employ and source goods and services locally, wherever possible.

4 - LABOUR & HUMAN RIGHTS

Lavazza embraces the values expressed in the Universal Declaration of Human Rights and in the Fundamental Conventions of the International Labour Organization. Suppliers must always behave in such a manner so as to comply with the conventions above and protect and promote human rights in all their relationships, and always consider their counterparts as professionals and - first and foremost - human beings.

Lavazza adheres to the UN Global Compact's Ten Principles that derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, the Convention on the Rights of the Child, and the United Nations Convention Against Corruption and underlines, in particular, the importance of principle 1 and principle 2 referring to Human Rights. If the Suppliers act in a country that has not ratified ILO standards (or any other convention above), Lavazza may reserve the right to ask those Suppliers to demonstrate that they substantially respect the ILO standards on Forced Labour, Freedom of Association, Child Labour.

4.1 - Legal contract for workers

Workers should have legal contracts. Suppliers should establish recognized employment relationships with their workers that are in accordance with their national law and good practice. Suppliers should not do anything to avoid providing workers with their legal or contractual rights.

4.2 - Health & Safety

Lavazza expects Suppliers to comply with all applicable national and international labour law, standards and regulations on working conditions, in particular hours of work, occupational health and safety and social protection systems in case of work accidents and illnesses.

In order to minimise the risk of occupational accident, injury and illness, Suppliers shall: provide appropriate equipment (personal protective equipment included) free of charge to workers; plan effective controls and establish safe working procedures; and implement effective programmes and systems aimed to ensure the safety of workers. In addition, Suppliers shall give appropriate safety information and training to workers and set up suitable systems to report, analyse and reduce as much as possible and prevent risks in case of any hazardous situations. Workers shall be required to report occupational injury or illness to their supervisor without fear of adverse consequences or reprisals. The Suppliers should register and



comply with the regular payment of social security contributions on behalf of each individual worker; if no public scheme covers the workers, Suppliers are strongly encouraged to provide health services and compensation.

Suppliers and their workers shall be prepared for emergency situations. This includes worker notification and evacuation procedures, emergency training, appropriate first-aid supplies, appropriate fire detection and suppression equipment, and adequate exit facilities. The Supplier shall regularly train workers on emergency planning, responsiveness as well as medical care. For a quick response in case of fire, workplaces must be equipped with adequate fire detection and fire extinguishing equipment as well as appropriate escape routes needing to be available in case of emergen-

cy and periodical evacuation drills shall be carried out. A first aid kit must be available in case of need.

Facilities must be constructed and maintained in accordance with the standards set forth by applicable laws and regulations. Suppliers shall provide, as a minimum, drinking water, adequate lighting, suitable temperature, ventilation and sanitation. When provided by Suppliers, dormitory facilities shall be constructed and maintained in accordance with all applicable laws and regulations, and they shall be clearly segregated from the factory and production area. All dormitory buildings shall be clean and safe and workers shall be able to enter and leave the dormitory buildings freely at any hour; all dormitory facilities shall also provide workers with reasonable personal space, adequate heat and ventilation and

clean shower and bathrooms. Adequate separation for the women's and men's dormitory and toilet facilities will be ensured.

4.3 - Non-Discrimination

Suppliers shall not discriminate in hiring and in employment practices on the basis of gender, race, colour, religion, sexual orientation, age, physical ability, political opinion, nationality, social or ethnic origin, union membership. Suppliers shall always treat their employees and workers with fairness, respect and dignity, guaranteeing equal opportunities to all; workers shall not be subject to physical, sexual or psychological abuse, harassment or threats in the workplace.

4.4 - Prevention of Forced Labour

Suppliers shall not use or benefit from any form of forced labour, exacted under the threat of penalty and for which the worker has not offered themselves voluntarily. Likewise workers shall be free to withdraw from their employment contracts, in line with stipulated national legislation, without fear of retaliation or penalty.

Lavazza requests Suppliers to not engage or take advantage in the use of forced or bonded labour, involuntary prison labour, slavery, or trafficking of persons. Workers shall not be forced to deposit documents, lodge deposits or security payments.

4.5 - Child Labour

According to the International Labour Organization, child labour refers to any activity that is harmful for child development that could prejudice their health or prevents them from attending compulsory schooling.

Lavazza is against using any form of child labour, and believes that completely eradicating child labour is ultimately in the best interests of children. We know that the biggest driver of child labour is extreme poverty, so we request that Suppliers engage in develop or participate in contributing to policies and programmes to reduce extreme poverty in the best interest of every child and engage in the effective abolition of any illegal form of child labour.

Suppliers shall comply with the relevant rules set forth by the International Labour Organization (ILO), especially convention 138 on the Minimum Age of Employment and Convention 182 on the Worst Forms of Child Labour. Suppliers shall not employ any person below the legal age of employment, as determined by The International Labour Organization's

Fundamental Conventions and in respect of the local, social and legal framework if it sets a higher minimum age.

If local laws allow the legal employment of young workers, Suppliers shall protect young persons of legal working age, until the age of 18, ensuring that they are treated according to law; this includes measures to avoid hazardous and night jobs that could jeopardise their health, safety or morals.

4.6 - Working Hours

Suppliers shall comply with all applicable national and international provisions of international labour standards and industry standards on working hours.

In addition, Suppliers shall provide weekly rest periods, annual/national holidays as well as any parental leave entitlements, sick/medical leave or any other leave entitlements allowed by the applicable laws and relevant industry standards. Under no circumstances shall work weeks exceed the maximum permitted under applicable laws and regulations; overtime should be voluntary and not be demanded on a regular basis.

4.7 - Wages and Benefits

Suppliers shall comply with all applicable laws and collective agreements regarding wages and benefits. In addition to normal wages, workers must be paid for overtime hours at the rate specified in law or collective agreements and must receive benefits that meet legal requirements. In addition to the above, Suppliers shall ensure that their workers receive decent, regular and adequate wages.

4.8 - Privacy

Suppliers shall comply with all applicable laws on privacy and personal data processing, always respecting and protecting their workers' privacy and their rights to their own personal data.

4.9 - Freedom of Association

Suppliers shall recognise the right of workers to join workers' organisations and the right of these workers to collective bargaining, if they choose.

Likewise Suppliers shall understand the importance of direct engagement between workers and management and promote open communication regarding working conditions without fear by workers of harassment, intimidation or reprisal.

Suppliers shall acknowledge the right of freedom of speech to every worker.



5 - FORESIGHTEDNESS

5.1 - Compliance with environmental laws

Lavazza is committed to respecting the environment all throughout the value chain and expects the same from its Suppliers. Suppliers must comply with all applicable environmental laws and requirements including but not limited to: obtaining and maintaining to environmental permits and approvals for the conduct of regulated activities; the management and disposal of hazardous materials; releases of contaminants to air, soil and water; the protection of natural resources and wildlife; the prohibition or restriction of specific substances and the recycling of materials and environmental claims.

5.2 - Environmental Impacts and Hazardous Substances

Negative impacts on the environment and climate (especially greenhouse gases emissions - GHGs - that are one of the most important drivers of climate change) will be minimised or eliminated at their source by modification of production practices, maintenance and facility processes, material substitution, conservation, recycling and material reuse.

Lavazza encourages Suppliers to collaborate in identifying the environmental impact on the complete production chain in order to minimise their negative impacts on it and to work with Lavazza and local communities to further improve the environmental performances of products.

Suppliers shall meet legal requirements relating to the use of hazardous substances, in particular, Suppliers shall prohibit the use of substances that are subject to national or international bans (for example: substances ban for their adverse effects on humans or the on environment) and have appropriate measures in place for the management, storage and transportation of hazardous substances.



5.3 - Promotion of eco-innovation

Lavazza expects Suppliers to design their processes in order to reduce waste of natural resources (with particular attention to water and energy conservation) and promote recycling and reuse. Therefore, Lavazza strongly recommends a pro-active approach towards innovative solutions and technologies aimed at proposing continuously improved and lower environmental impact products and services.

5.4 - Resource Conservation and Climate Protection

Any activities that have a potential to adversely impact human or environmental health will be appropriately managed, measured, controlled and handled prior to the release of any substance into the environment. Suppliers will have systems in place to prevent or mitigate accidental spills and releases into the environment. Suppliers will engage in the development and use of climate-friendly products and processes to reduce power consumption.

5.5 - Biodiversity

Lavazza aspires to positively contribute to sustainable and resilient communities and ecosystems through the protection of biodiversity, with focus on soil protection, reforestation and land use management. Wherever possible, Suppliers will make a positive contribution on biodiversity, in relation to the products and services they provide.

5.6 - Land rights and land grabbing

Lavazza requires its Suppliers to respect land rights in all their forms, including customary land rights, and to adopt and apply a zero-tolerance policy on land grabbing.





6 - TRANSPARENCY

6.1 - Providing evidence of compliance

Our Suppliers shall continuously monitor and report compliance with this Code of Conduct and maintain the necessary documentation to prove compliance with its provisions and standards, as well as with applicable legislation.

Suppliers shall promptly notify Lavazza of any areas of non-compliance and relevant planned corrective actions. Lavazza encourages Suppliers and business partners to inform about any actions taken to improve their business practices in order to comply (or increase compliance) with the provisions of this Code.

Suppliers shall never hide any critical areas or plead ignorance of any non-compliance areas. Suppliers shall always disclose to Lavazza documentation ensuring the compliance with this Code of Conduct.

6.2 - The auditing system

Lavazza reserves the right to assess, with or without prior notice, Suppliers' compliance with the Code by Lavazza personnel or by organisations appointed by Lavazza. Such controls may include facility inspections and worker interviews.

Lavazza requires collaborations from Suppliers during these auditing activities and expects Suppliers to address shortcomings to the present Supplier Code of Conduct with targeted corrective measures and remedies.



6.3 - Remedies

Where any non-compliance with this Code is reported by Suppliers or assessed by Lavazza during auditing activities pursuant to Section 6.2 of this Code, Lavazza could ask the Supplier to plan and implement any necessary corrective actions. Lavazza reserves the right to terminate any relationship or agreement with Suppliers refusing to take corrective actions within a reasonable period of time, without any prejudice to any other rights and remedies set forth by the applicable law and consequential to such termination.

Notwithstanding the above, in case

of a serious breach or violation by a Supplier of the provisions listed below, which are considered as “the essence” of this Code, Lavazza shall automatically cease any business relation with this Supplier without prejudice to all and any rights and remedies set forth by the applicable law and consequential to such termination:

- 4.2 - Health & Safety
- 4.3 - Non-Discrimination
- 4.4 - Prevention of Forced Labour
- 4.5 - Child Labour
- 4.9 - Freedom of Association
- 5.2 - Environmental Impacts and Hazardous Substances



6.4 - Contact Information

If you know or become aware of a violation or suspected violation of this Code by Supplier or any of its business partners and sub-contractors, we ask you to contact Luigi Lavazza S.p.A.:

Email: suppliercode@lavazza.com

Tel: +39 011 23981

Luigi Lavazza S.p.A.

Via Bologna 32

10152 Torino (Italy)

7 - REFERENCES

7.1 - International References

Universal Declaration of Human Rights

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

ILO International Labour Standards

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

The Ten Principles of the United Nations Global Compact

<https://www.unglobalcompact.org/>

UN Sustainable Development Goals

<https://sustainabledevelopment.un.org/sdgs>

Children's Rights and Business Principle

<http://childrenandbusiness.org/>

Rio Declaration on Environment and Development

<http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm>

OECD Guidelines

<http://mneguidelines.oecd.org/annualreportsontheguidelines.htm>

7.2 - Lavazza References

Code of Ethics

<http://www.lavazza.com/en/lavazza-world/ethics.html>

Sustainability Report

<http://www.lavazza.com/en/lavazza-world/sustainability-report/>

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