

2013

Code of Ethics

Code of Ethics

LAVAZZA

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FOREWORD FROM THE LAVAZZA FAMILY BOARD



Some rules have to be respected because they constitute legal requirements and must be complied with by all citizens. But there are also unwritten rules, dictated by our ethics, education moral sensitivity and humanity; rules whose respect and implementation are a choice and not an obligation.

Whilst writing this document, we deeply analysed the grassroots of our identity. A family-run business which began from scratch, with a loan of 50 Italian liras, and proudly grew with its own strength. Today, this is a large industrial group whose history embraces a long period passing through two World Wars, more than a century of Italian history and four generations of entrepreneurs. Clearly, everything has changed since the time when Lavazza was a small shop, opened by Luigi Lavazza, in the heart of a post Risorgimento Torino. Everything but one thing: the strong belief that in order to be a good professional, one must employ passion dedication, determination, intelligence, preparation, generosity, sacrifice, commitment and honesty. Thanks to this certainty, a stronghold which has allowed us to overcome many obstacles and to look forwards with optimism, Lavazza has written the pages of its long and nice history.

To this, we have added fairness, transparency, respect for human values, and the commitment, in every area of our professional life, to maintain faith as well as an ethically responsible and farsighted behaviour.

These are our real roots, those that nurture and support our Group and it is our firm intention to continue in this path which has been so wisely traced.

The Code summarises the ethical principles and the Lavazza style which have characterised its development from the origins to today.

We sincerely believe the Code will be very much appreciated and that its adoption will be simple and spontaneous, because all we are asking you to implement and comply with, will not be anything different from what you already feel “yours”. From now on, the Code will not only allow you to have a clearly defined image of our profile and our ethical values, but will also supply an even stronger identity which will allow us to face with accrued certainty, unity of intents, and enthusiasm, our daily tasks and every-day challenges.



Let us then aim high and declare that all of our interlocutors, will always be able to expect from us:

- maximum respect;
- commitment to always perform at the best of our knowledge;
- openness to learn, to listen, to cooperate;
- loyalty, moral rectitude and integrity;
- transparency;
- the rejection of any kind of conflict of interest, personal or professional; in the interest and in the protection of the well-being of the Company;
- absence of prejudice;
- impartiality of our evaluations.

In order to help us maintain the trust of who believes in us, Lavazza wants to set two **main principles** at the base of our commitments:

- The **coherence** between the moral and ethical values we affirm and of our efforts in implementing them in our daily activities;
- The **awareness** that, as righteous as our commitment in translating these values in practice might be, we shall never believe that we have reached the point where we can stop demonstrating our coherence.



1. PRINCIPLES



1.1 Addressees of the Ethical Code

The Ethical Code (hereinafter The Code) is a self-regulatory instrument which we adopt as a free choice, convinced that setting clearly defined and voluntary rules which are enforced through reputational mechanisms, is fundamental to protect and convey the most authentic principles and true pillars of the Lavazza entrepreneurial philosophy.

The laws and regulations of the International Community as well as those of the Countries which host our operations are the starting point. The Code is furthermore an integral part of the Italian Legislative Decree 231/2001 on the administrative liability of legal entities and completes the Internal Control System.

Nonetheless, its adoption does not mark an end point. We feel the urge to go further.

In recognition of the above and with the strong and enlightened enthusiasm of those who came before us, we promote the adoption of the Code in order to:

- outline a **shared values mechanism** aimed at strengthening and fostering the cohesiveness and coherence of the Lavazza Group;
- create a **common acquis** shared by all the people of Lavazza thus improving internal relations and contributing to giving a uniform and clear image externally;
- foster the creation of **trustworthy relationships within the Company and towards all its external stakeholders**

The principles, ethical values and conduct rules stated in the Code, must guide the activities of all those people whom, with different roles and responsibilities, contribute directly or indirectly to the implementation of the Company's mandate. The Ethical Code will thus be applicable within Luigi Lavazza S.p.A and within all the companies controlled by the latter, both in Italy and in all the countries where the Group operates, in accordance with local laws and regulations. All addressees of this Code, within the limit of their competencies, are therefore requested to actively promote the ethical values and rules of conduct herein expressed.



Therefore:

- all shareholders and Members of the Board of Directors of Luigi Lavazza S.p.A and of the Companies it controls will find guidance and inspiration in the principles of The Code whilst performing their daily tasks and whilst exercising their rights and responsibilities on behalf of the Company or Companies which they represent;
- the members of the Ethical Committee (ref Section III) will, in the performance of their tasks, ensure the respect of and compliance with, the principles expressed in the Code;
- directors and managers will ensure the implementation of the principles expressed in the Code, both internally and externally, thus strengthening trust, cohesion and team work;
- employees and/or temporary staff, notwithstanding the duration of their employment contract, will carry out their tasks in full respect of the principles contained in this document;
- we further ask any person, such as, but not limited to, suppliers and commercial partners, who enter a business relationship with the Lavazza Group to comply with the rules expressed in this Code.

1.2 Guiding

The fundamental principles which we have expressed should suffice to indicate how we should behave in most situations.

Nevertheless, we are aware that the codification of a series of values might be perceived as general and abstract and might not always provide an adequate response as to how we should behave in day-to-day practical situations. We thus drafted a series of guidelines which should help us find the way when we have to decide how to behave in a specific situation.

This Code should first and foremost be considered as a compass which guides us towards the right direction although it cannot address every situation we might face; it is through the understanding of its overall inspiration that it can be best empowered.

Passion for excellence

We strive to be considered as people who, thanks to the passion for their job, reach excellent quality in everything they do. Our intention is to provide, at all times, products, answers and solutions which satisfy the expectations of our stakeholders and which can be tailored in order to guarantee satisfaction of single legitimate needs.

Team Spirit

Although individual expertise is essential, the best results are achieved through team work. We will therefore, both individually and as a Group, strive to merge our competencies with those of others. Asking for support will be considered as a growth opportunity rather than a sign of weakness.



Gratefulness

It is our intention to express gratitude to all those who contribute to achieving our goals and we will recognise their contribution by ensuring relationships based on mutual growth.

Transparency

The best solutions are found through open dialogue and exchange. We therefore believe straightforward communication is crucial. We commit to being honest, open and available interlocutors in order to foster and maintain a working environment based on mutual trust.

Integrity

We will pursue our goals with rectitude and responsibility. In no circumstance will the excuse of acting in the interest of the Group be a justification for behaviours in breach of laws, regulations, or in general for behaviours in contrast with an honest and serious conduct. We believe the way in which business is conducted is just as important as the results achieved.

Farsightedness

We are aware that the choices we make today will impact on our future and on that of the generations to come. We thus know that we will have to strike the right balance between the requirement to satisfy short and long term needs. We will therefore always employ our best endeavours to look at the future and develop our business in a general framework of environmental and social responsibility in order to ensure a durable heritage.

1.3 Lavazza's responsibility towards internal and external stakeholders

The success of Lavazza depends on the relationships that it has been able to create over time, through its activities, with a number of different stakeholders. We must thus always be aware of the impact that our decisions, strategic choices or changes of direction might have on our interlocutors.

Our set of values must be seen as a commitment that each one of us is willing to make: the tireless effort to always behave in an ethical and responsible way in the performance of our tasks.

The commitments of this Code are addressed to:

- a. shareholders
- b. employees
- c. clients, consumers and commercial partners
- d. suppliers
- e. communities which host our operations, public institutions, civil society
- f. market, competitors and category associations.



2. OUR COMMITMENTS



2.1 Towards shareholders

We should act as if we were all owners of the Company, employing resources with the same accuracy as if they were our own. We operate in a framework of respect, growth and sustainability for a long-term development.

Passion for excellence

The Group endeavours to reach excellence of performance and results both in terms of quality and profitability, leveraging on innovation. We pursue these objectives in full respect of business ethics.

Team spirit

We will pay full attention to shareholders' guidelines.

We commit to sharing with them scenario analysis, market challenges and the strategies we intend to implement in order to address them.

Gratefulness

We will design and implement strategies and operational activities in a way which will ensure the most responsible, diligent and best possible use of resources made available by shareholders. In order to guarantee the competitive capability of the Group, we will protect company assets, intellectual property, brands and financial activities. By avoiding any action which might discredit its image, we further commit to protecting that intangible, but equally precious capital which is Lavazza's good reputation.

Transparency

We will never breach the obligation to clearly and truthfully communicate to shareholders the coherence between goals set and results achieved. We will do this in a cautious way, without under-estimating potential risks and critical situations, in order to allow administrators to act freely and take informed decisions. We guarantee the traceability of strategic decisions through the implementation of adequate communication instruments and financial reports.

Integrity

We will employ our best endeavours to guarantee the highest standards of integrity, honesty and correctness in all relationships both inside and outside the Group.



We will make every effort to ensure that the personal, economic, financial or political interests of the people who work with us or of their family members, will not hamper or compromise the relationship of trust established with the Group by influencing their actions or judgment. We will ensure that all decisions will be taken in the sole interest of the Group, impartially and pursuing the respect of business ethics. Lavazza will enforce all possible measures to ensure that any risk of conflict of interest, even if remote, will be immediately reported as we are aware that in many cases, a critical situation can be solved through open and honest dialogue.

The heritage of knowledge and know-how which has been developed within the Lavazza Group is a priceless resource which must be given maximum protection. In fact, inappropriate disclosure or use of information could result in financial or reputational damage for the Group including hampering its competitive capacity on the market. We therefore commit to adopting all necessary measures in order to avoid inappropriate or unauthorised disclosure of sensitive information whether technical, commercial, organisational or related to products and activities.

Farsightedness

Long-term vision will guide both our strategic and operational decisions in order to guarantee sustainable profitability and avoid choices which might expose the Group to risks or compromise its access to opportunities. We will work in a proactive manner and to the best of our knowledge, to anticipate challenges in a bid to transfer a healthy and solid Company to the generations to come.

2.2 Towards employees and temporary staff

The success of Lavazza depends upon the energy and enthusiasm of the people who work for us. We will thus always strive to ensure recognition based on merit, talent and competency and to ensure protection of professional and personal satisfaction.

Passion for excellence

Lavazza strongly encourages and promotes talent-based recruitment and professional development. Thus, we will adopt all necessary measures in order to remove any organisational or cultural obstacle which might compromise access to equal opportunities. Our recruitment and selection procedures will be purely based on merit and we will ensure any discrimination based on race, colour, sex, sexual orientation, marital status, parental status, pregnancy, religion, political opinions, disability, age or union membership is eliminated. Our objective is to attract and retain a diversified company population. The research, selection and professional development of personnel will thus be transparent and solely based on objective criteria such as competency and professionalism.

Team spirit

We will strive to create a working environment where expertise, resources and knowledge exchange are fostered, thus encouraging interaction between people operating in different realities within the Group. We will contribute to creating an open working environment where goals and objectives are clearly set, even in the most challenging situations, and where everyone



feels comfortable in voicing their proposals and concerns thus facilitating the involvement of all in the identification of the most adequate solutions.

This because our commitment is directed towards promoting the value of team work meaning using all available expertise in order to implement the company's strategic guidelines towards the achievement of a common objective.

In this way we can also:

- strengthen the sense of belonging to the Group in the full respect of different personalities, opinions and experiences;
- share the determination to work for the achievement of common objectives;
- foster mutual availability towards constant improvement.

Gratefulness

We are aware that the success of our work depends upon all the people who work with Lavazza. It is with this spirit of gratefulness that the Organisation wants to give attention to the quality of life of those who work with us, thus promoting their welfare inside and outside the working environment. Wherever possible, we will strive to facilitate an adequate work-life balance.

Transparency

We will engage in building loyal and transparent professional relationships based on the knowledge of professional itineraries, on the transparency of evaluation criteria and on clearly identified growth objectives. We believe that fostering open and frank exchange will strengthen people's participation in the organisation thus contributing to improving the quality of their work.

Integrity

We work together and we are all responsible for the creation of a safe and secure working environment where freedom, dignity and physical integrity are promoted and ensured.

We therefore commit to eliminating any potential health and safety hazard within our premises and to strictly respecting health and safety rules, also promoting their respect through seminars and meetings. We promote the achievement of this objective and we call on everyone to proactively concur to this goal by taking care of their personal safety and that of their colleagues.

Further, we all deserve to be treated with respect, without having to endure any kind of harassing or bullying behaviour or any behaviour which could contribute to discrediting our image within the working environment. The protection of personal data, which might be collected in the course of our daily work, concurs to the protection of personal dignity and confidential information shall not be disclosed without the consent of the interested person.



Farsightedness

Our aim is to establish a durable and training-oriented professional relationship with the people who work with Lavazza and to guarantee professional growth in line with results achieved. Everyone must therefore be encouraged to perform their tasks with passion and commitment.

We want to invest in professional development also through training programmes in order to allow everyone to perform their tasks at best and in order to nurture talents and specific expertise.

2.3 Towards clients, consumers and commercial partners

High quality, innovation and unique taste are the promises which we offer to our clients and consumers. Our task is to always satisfy, if not exceed, the expectations of those who choose Lavazza.

Passion for excellence

We commit to maintaining an open attitude towards creativity, innovation and the future in general. We will never stop researching quality, rethinking and improving products and services, always aiming at being recognised as the ones who make the best offer on the market.

Team spirit

We will do our best to consider clients' and consumers' suggestions and proposals. We commit to giving feedback to their comments and recommendations.

Gratefulness

It is thanks to the loyalty of its customers that Lavazza has grown significantly in this last century. We thus commit to offering products and services accessible to the widest possible public and to having an range of offer which, without compromising quality, will not only be accessible to the few.

Transparency

Lavazza commits to providing true, prompt, transparent and accurate information and will not use, in any of its promotional campaigns, misleading information about its products.

Integrity

Lavazza commits to offering its clients and consumers products which respect the highest standards of quality and safety in all phases of their life cycle: from the supply of raw materials to global distribution.

Protecting our consumers also means protecting their privacy. We thus ensure that any confidential information we might gather in the course of our activities will be treated in the full respect of the right to privacy and promotional activities will only be addressed to those who have expressed their consent.



Farsightedness

Lavazza believes that developing a business which is more and more attentive to people and resources is the right path to follow. Together with our clients and consumers as well as with all actors along our supply chain, we will thus always strive to promote choices which contribute to minimising environmental impacts.

2.4 Towards all suppliers of the Lavazza Group

Lavazza commits to working with suppliers who respect and promote fair and honest business relationships based on open dialogue and resulting in mutual benefits.

Passion for excellence

In the selection of suppliers, Lavazza will base its choices solely on criteria of merit, reliability and competitiveness. Selection criteria will be objective, impartial and comparable and will reward those commercial partners whose activity is carried out in the full respect of internationally recognised human rights, labour and environmental principles.

Team spirit

Lavazza endeavours to establish trustworthy and inclusive relationships with its suppliers in the common interest to protect the well-being of its partners thus reducing margins of risk and uncertainty.

Lavazza strives to meet suppliers' needs in the respect of mutual expectations and of fair business relationships and will adopt a proactive approach in tackling potential critical situations.

Gratefulness

With its suppliers, Lavazza intends to establish relationships of mutual trust which will foster cooperation based on a common understanding of the principles of this Code. Lavazza intends to facilitate the inclusion of its suppliers in technology innovation projects and in the continuous improvement of products and services with the aim to build a model of shared value.

Transparency

Lavazza facilitates information sharing between the Group and its potential suppliers in order to ensure equal opportunities for everyone to work with the Company. Lavazza ensures the transparency of selection criteria used, as well motivated decisions and evaluations. Lavazza commits to mutually agreeing control modalities with its suppliers, in regards to quality of supplies as well as in regards to the respect of principles which suppliers have been asked to comply with.

Lavazza will foster open communication in order to prevent any controversy or disagreement.

Integrity

Existing or future Lavazza suppliers need to trust the integrity of selection procedures. Thus, Lavazza commits to implementing all necessary measures to prevent risks of conflicts of interest and corruption attempts. Lavazza furthermore ensures it will never abuse of the negotiation power which might derive from being a large industrial Group.



Lavazza ensures the same level of attention to integrity during the entire business relationship. Relationships with suppliers will thus be guided by the outmost loyalty, fairness and professionalism and by the will to create value along all the supply chain.

Farsightedness

Lavazza will always try to facilitate healthy commercial relationships, thus avoiding behaviours and which might hamper mutual trust and continuous cooperation.

Lavazza strives to develop supplier relations which will also pursue environmental and social sustainability of all activities.

2.5 Towards the producing communities and communities in general

Lavazza operates in a significant number of countries and is an integral part of many communities towards whom it feels a moral obligation of protection and towards whom it will direct its efforts for a sustainable development.

Passion for excellence

Coffee, both as a drink and as a meeting opportunity, has represented for centuries a catalyst of innovative ideas, creativity and socio-cultural transformation. Because Lavazza feels a heir of this tradition, we wish to be proactive actors in the communities in which we operate and to be seen as a reference point and reliable interlocutor for organisations and institutions which we relate with.

Team spirit

Lavazza will always be available to listen to the needs of the countries in which it operates. We will make our expertise and experience available, both nationally and internationally, in order to develop partnerships with key actors in the local social and economic contexts with the aim to strengthen, where possible, the competitiveness, well-being and sustainability of the communities.

Gratefulness

Lavazza strives to contribute to the improvement of the quality of life of its consumers. In the same way, we will endeavour to foster the application of principles of corporate social responsibility all along the value chain. We will thus strive to strengthen our relationship with the territories in which we operate proposing, where possible, employment and growth opportunities for the local communities.

Transparency

Lavazza will transparently display the results and impacts of its activities in order to document the respect of the commitments we have made towards our interlocutors.

Integrity

Respecting the rights of the communities in which we operate means first and foremost to act in compliance with local and international applicable legislation and we choose to work with actors



who recognize and respect the principles expressed in this Code. We thus prefer to operate with actors who:

- protect human rights,
- protect the planet's natural resources and do not hamper the conservation of biodiversity
- fight corruption
- guarantee safe, secure, fair and dignified working conditions.

We support partners who behave in compliance with applicable rules and regulations and in line with the principles expressed in this Code.

Farsightedness

Through a responsible use of natural resources and through investments in eco-innovation, Lavazza commits to working towards the minimisation of the environmental impacts of its operations as well as of its products, throughout their entire life cycle. In line with its production needs, Lavazza furthermore commits to using state of the art technologies and organisational solutions in a bid to avoid wastefulness and dispersion.

2.6 Towards the market

Lavazza recognises the crucial role of a free and competitive market and of open competition, thus will base its relationship with competitors on values of loyalty and compliance with applicable rules.

Team spirit

Lavazza endeavours to support pre-competitive initiatives which could benefit the entire sector or the communities in which it operates.

Transparency

Lavazza commits to full transparency, accountability and reliability of its financial data and ensures true, accurate and complete accounting data.

Integrity

Lavazza will only use legitimate instruments to obtain information about its competitors in order to analyse the markets in which it operates.

Lavazza's activities will always be guided by the respect of principles of free and fair competition.



3. ENSURING THE RESPECT OF OUR PRINCIPLES



The Code of Ethics defines the expectations of the Group concerning the respect of ethical standards and behaviours.

The Lavazza Group commits to ensuring that these expectations are known and understood by whoever enters in a relationship with us and are applied by all addressees of this Code.

More specifically, Lavazza will engage to support the compliance of employees, or whoever will entertain a business relationship with the Group, with the values and principles herein expressed.

For the above mentioned addressees, further applicative rules are contained in the “**Code of Conduct for Employees**”, attached to all employment contracts, and in the “**Commercial Code of Conduct**”, whose respect is a pre-requisite for the beginning of any commercial relationship with the Group.

Breaches of the above-mentioned Codes result in hampering a relation of trust with the Group and might thus lead to the resolution of the contract, with modalities which will have to be defined according to the nature of each contract.

3.1 Roles and Responsibilities for the Application of the Code of Ethics

The Ethical Committee is responsible for the application of and compliance with the present Code. The Ethical Committee is chaired by the President of the Board of Directors of Luigi Lavazza SPA and is composed of representatives of each of the following units:

- Corporate Social Responsibility
- Human Resources
- Legal Affairs
- Operations
- Public Relations

The Ethical Committee’s main task is not to be a judging organ, but rather to promote and support, through its monitoring and controlling powers, the development of positive behaviours in order to reach the highest possible behavioural standards and best-practices in the general framework of the Internal Control System. The Ethical Committee will thus:



- ensure understanding and knowledge of the Code within the Group, by giving, through its consultative powers, opinions on situations where the interpretation of the Code might be dubious;
- propose, where necessary, modifications or integrations to the Code, ensuring it is always in line with ethical and behavioural standards and best practices and potential legislative evolutions and keeping in mind experience gained through its application.
- express opinions on critical ethical situations which might arise from decisions taken by the Group;
- present to the Board of Directors periodical evaluations of the general ethical conduct of the Group and suggest initiatives to improve it, also through the implementation of communication programmes, ethical trainings and general trainings on corporate social responsibility;
- foster the reporting of non-compliant behaviours by employees and more generally by all stakeholders and guarantee the application of protection mechanisms to avoid threats or retaliations;
- accept reports on alleged violations. Should the Ethical Committee become aware of non-compliant behaviours, it will initiate an internal procedure in the framework of which preliminary investigations can be conducted. As a result, the Ethical Committee can:
 - dismiss the claim, should violations not be proven, and communicate the results to the interested party/ies;
 - transfer to other internal units, should the claim fall under their responsibility according to applicable legislation or internal rules and regulations (such as the Employee Code of Conduct and the Commercial Code of Conduct). Communicate the transfer to the interested party/ies;
 - in all other situations, the Ethical Committee will express and communicate a motivated opinion to the interested party/ies. The Ethical Committee will then give a recommendation and suggest to the Board of Directors the adoption of appropriate measures in accordance with applicable legislation.

3.2 Who participates in the implementation of the Code of Ethics

The Group encourages all employees to refer to the Ethical Committee when, in the performance of their tasks, they are uncertain about the most adequate behaviour to adopt in respect of the principles of the Code.

Should anyone believe they are in a situation which might generate a non compliant behaviour, they are strongly encouraged to refer to their immediate supervisor, a higher level supervisor or to the Ethical Committee.

Any alleged violation shall be reported in a non-anonymous form.

Alleged violations can be reported to:

Comitato Etico Lavazza SPA
 Corso Novara, 59
 10154 Torino



Or via e-mail to : comitatoetico@lavazza.it

Should anyone want to orally report a violation, they can ask the Ethical Committee for a meeting via e-mail.

Alleged violations and non-compliant behaviours can be reported to the Ethical Committee by any employee in the framework of his/her responsibilities.

The Ethical Committee commits to attentively examine all questions and alleged violations and will conduct accurate investigations to verify the reliability of the information received and its seriousness in relation to the ethical standards of the Code.

The Ethical Committee can decide to call upon the person who notifies the alleged violation or the author of the alleged violation. The procedure will be kept strictly confidential, thus any person participating in preliminary investigations will have to keep strict confidentiality. In the same way, the Ethical Committee will conduct its activities in strict confidentiality.

Lavazza strictly prohibits any threat or retaliation towards anyone who:

- asks for clarifications concerning the compliance of a decision or practice with the principles of the Code or clarifications concerning the implementation of the Code;
- expresses worries or refers about dubious behaviours. This under the condition that the person who refers to the Committee has acted in good faith and that the information is true and accurate. This thus excludes false information which might lead to the unfair accusation of other people.
- participates in preliminary investigations concerning potential violations.

Any form of retaliation towards who participates in the application of the Code of Ethics, even if indirect, constitutes, per se, a violation of the Code and anyone who believes to have suffered such behaviour can ask the Ethical committee for protection.

