



## CODE OF CONDUCT

**This is a translation provided only for your convenience.  
Only the Italian text has legal value.**

## INTRODUCTION

Companies of the Lavazza Group (referred to below as "Lavazza Group") have always been committed to observing all legislation applicable to the various business units, in the firm belief that the way in which business is conducted is just as important as the profits achieved, and that nobody should operate under the false assumption that business targets are more important than legal and ethical standards.

On the basis of these principles, the Lavazza Group is committed to correct, impartial conduct. All business and commercial relations must be characterised by integrity, loyalty, and structured on the basis of fair, transparent negotiations. They must be undertaken without any conflict between corporate and personal values, with due respect for the Group's fundamental values.

To achieve this objective, the Lavazza Group demands the highest possible standards from its employees, in conducting their business and more generally, when carrying out their professional duties.

The Lavazza Group has thus required all Group companies to adopt this Code of Conduct (referred to below as the "Code"). By implementing the company's principal directives in this field, the Code is designed to represent a 'charter of values' of which the Group is proud, and to summarise the standards of behaviour which are required to implement these values.

The Code is a guide and support for all personnel, and any other individuals for whom it is intended, so that they can pursue the Group's business as effectively as possible. It also complements the Internal Audit System which the Lavazza Group is committed to applying continuously and efficiently.

In consideration of the above, the Lavazza Group:

- guarantees prompt distribution of the Code throughout the Group and to all recipients;
- guarantees that any updates or changes to the Code will promptly be brought to the attention of all recipients;
- provides appropriate assistance as regards interpretation of the Code;
- works to ensure that the Code's standards are shared by consultants, agents, representatives, proxies, corporate contractual partners and any other person undertaking stable, structured business relations with the Group;
- carries out periodic checks designed to ensure compliance with the Code's standards.

## HOW TO USE THE CODE OF CONDUCT

### ***What is the Code?***

The Code is a document approved by the Boards of Directors of the Parent Company, Luigi Lavazza S.p.A. and its subsidiaries. It defines the standards of conduct of the Lavazza Group's business, as well as the duties and responsibilities of employees and other recipients of the Code. The Code represents the Group's programme to ensure effective prevention and reporting of breaches of laws, regulatory provisions and company procedures.



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### ***Who the code is intended for***

The Code applies to the Boards of Directors of Luigi Lavazza S.p.A., the Boards of Directors of Lavazza Group companies, and all the employees of Group companies.

The Lavazza Group will also work to ensure that the Code is considered as a series of best business practices by persons with whom Group companies undertake stable, structured business relations (as consultants, agents, representatives, proxies and corporate contractual partners).

### ***Where the Code applies***

The Code applies in Italy and in all the other countries in which the Group operates, in accordance with current local legislation and regulations.

### ***Where the Code is available for reference***

The Code is brought to the attention of all employees in the most appropriate manner, in an accessible place (company noticeboards) and can also be browsed and downloaded from the company's Intranet.

A direct request may also be made to the Group's Organisation and Personnel Department.

### ***How the Code can be changed***

The Code is reviewed by the Boards of Directors of the Parent Company Luigi Lavazza S.p.A. and its subsidiaries.

The review takes account of the contributions received from employees and third parties, as well as changes in the law, practices and experience acquired from application of the Code.

Any amendments to the Code which are introduced after this review process are published and made available as above.

## **SCOPE OF APPLICATION**

The Code refers to various types of behaviour, both when carrying out duties (***“Responsibility in the workplace”***), and in the conduct of business (***“Responsibility in the marketplace”***).

Performance at work implies achieving targets through conduct which must be ethical and responsible in all the initiatives undertaken within the working environment, with regard to colleagues and people outside the Group (consultants, agents, representatives, proxies and corporate contractual partners), and regarding activities in the marketplace.



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### ***RESPONSIBILITY IN THE WORKPLACE***

The Code of Conduct forms an integral part of each employee's contract of employment. As a consequence, the Lavazza Group demands that all its employees adhere strictly to the provisions of the Code. Any breach of the Code's provisions is therefore treated very seriously, and disciplinary measures are implemented as a result.

Employees are therefore obliged to:

- comply fully with the Code's provisions and policies in relation to their specific duties;
- adopt actions and behaviours which are consistent with the Code and refrain from any conduct that may damage the Group or compromise its integrity, impartiality or image;
- promptly report any breaches (or presumed breaches) of the Code to their immediate superiors or the Group's Organisation and Personnel Department;
- abide by all internal guidelines, policies and procedures introduced by the Lavazza Group to ensure compliance with the Code or identify any breaches; consult the Group's Organisation and Personnel Department to obtain explanations about interpretation of the Code;
- cooperate fully with any inquiries conducted in relation to breaches of the Code, observing the strictest confidentiality about the existence of such inquiries and play an active part, if required, in auditing operations concerning functioning of the Code.

In particular, all employees with a position of responsibility must promptly inform the Group's Organisation and Personnel Department of any circumstances in which the Code is not complied with, and are responsible for ensuring protection to anyone who has reported in good faith breaches of the Code. The Group's Organisation and Personnel Department will immediately refer any breaches of the Code of Conduct, of which it has full knowledge or reliable proof, to the supervisory committee of Lavazza S.p.A. or similar organs in other Group companies.

Employees of the Lavazza Group are prohibited from accepting or requesting promises or payments of cash, goods or benefits, pressuring or services of any type which may be designed to facilitate the employment of a worker, his/her transfer or promotion.

### ***Guaranteeing a safe working environment***

The Lavazza Group intends to create a working environment which is safe and free from risks to health. All employees and other recipients of the Code must work actively to achieve this objective, taking care of their health and safety and that of the other people present in the workplace who may be affected by their actions or omissions, by correctly using the machinery, equipment, vehicles and in general all instruments used for work, as well as safety equipment. In order to provide a safe working environment, the Group holds meetings and programmes on safety issues, prevention and health in the workplace.

The Lavazza Group is a *no smoking company*, in the belief that a ban on smoking is an opportunity for all employees to improve the quality of the working environment, to make the workplace as pleasant as possible and to reduce risk factors.

All employees are therefore required to comply with the smoking ban in force at all sites, and ensure that visitors also comply with the ban. They must work together with the Company and security staff to ensure compliance.



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### ***Guaranteeing a positive working environment***

The Lavazza Group intends to create a dignified working environment, based on the protection of individual freedom, dignity and inviolability, as well as the principles of integrity in interpersonal relations, which will allow all employees to work to the best of their abilities.

In consideration of this, there is a prohibition on:

- possessing or consuming alcoholic beverages or narcotic substances in the workplace, as these can compromise successful performance at work and can disturb the working environment;
- acting in such a way that may create an intimidating or offensive climate for colleagues or collaborators with the aim of sidelining or discrediting them in the workplace;
- harassing colleagues in any way, i.e. acting in any way which offends individual freedom and dignity, causes embarrassment or intimidates any employee because of their race, religion, nationality, age, gender, sexual preference, physical or mental limitations; offers of a sexual nature or unsolicited physical contact, gestures or statements with sexual overtones or the displaying or circulation of pictures of a sexual nature or the telling of obscene jokes;
- taking retaliatory action against any employee who opposes, protests or reports in good faith a case of discrimination, harassment or offence against an individual.

For the purposes of the above, the *"Code of Conduct to Protect the Dignity of Men and Women in the Workplace"* is already in force at certain Lavazza Group companies, and is hereby incorporated and extended to all companies in which it is not yet operational.

### ***Treating personal information as confidential***

When conducting its business operations, the Lavazza Group gathers a large quantity of personal and confidential information, which the Company undertakes to treat in accordance with all laws on privacy in force in the jurisdictions in which it operates.

In particular, the Group undertakes to observe the utmost diligence when gathering and storing personal information; to use the most suitable equipment when processing such information, and to adopt any measure or precaution that may be necessary or appropriate in order to guarantee its security and confidentiality; not to disclose or communicate in any way to unauthorised persons any personal information of which the Group becomes aware during the course of its business.

The same undertaking of confidentiality when using, processing and storing information must be given by all employees and other recipients who, in the course of their activities, treat personal information on behalf of the company or client.

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### ***Protecting company assets***

The Group's competitive capability, and its capacity to serve its customers, require the efficient and appropriate use of the capital and resources employed to conduct the business.

Employees are obliged to use the company assets at their disposal or to which they have access:

- in such a way that protects their value;
- in accordance with company policies and procedures, observing current security guidelines in order to prevent theft and avoiding any unauthorised or hazardous uses;
- only for legitimate professional or business-related purposes, not for personal use or for use which conflicts with the interests of the Group or which is dictated by professional reasons unrelated to their working relationship with the Group. For example, employees are not permitted to use company labour or materials to construct or manufacture objects for personal use; use telephones, faxes or personal computers for activities which are not strictly related to the business of the Lavazza Group. In particular, with regard to the ways in which company mobile phones are used, please refer to the provisions of the *"Mobile Phone Allocation Procedure"*.

Each employee is responsible for the items assigned to him or her, which must be kept carefully and handed back immediately at the express request of the Company.

All employees are responsible for safeguarding company assets assigned to them during the performance of their duties: reimbursement may be requested for any items lost and/or destroyed if this loss is due to the employee's negligence.

Any event of this kind must be reported promptly to the employee's immediate superior or to the Group's Organisation and Personnel Department.

### ***Correct use of IT systems and of the Internet***

The systems used for accessing e-mail, Internet and the company's Intranet belong to the Company. The purpose of these systems is to improve performance at work. It must be remembered that:

- all the information entered on the computer system belongs to the Company;
- e-mail and Internet at the Company is not private and must only be used for legitimate business purposes; all passwords and logins must be protected, in order to prevent unauthorised access to company data and information;
- only software acquired by the Company for business purposes may be used on company computers;
- any reproduction or duplication of copyright-protected software is strictly prohibited. Any employee who knowingly or unknowingly duplicates software material exposes himself and the Company to the risk of serious legal penalties.

The following is considered to be improper or incorrect use of IT systems:

- the forwarding or attaching of messages whose content is injurious, defamatory or denigratory, or offensive, vexatious, vulgar, obscene, or threatening;
- access, creation, attachment, viewing, transmission or any other use of pornographic material or material with an explicitly sexual content;
- the transmission of confidential company information without due authorisation;
- any other action which does not conform to company policy.



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### ***Protecting confidential company information and observing the confidentiality obligation***

Anyone, on the basis of his or her position within the Lavazza Group or who has undertaken business relations with the Group, may, directly or indirectly, come into possession of confidential information about the Company, its know-how, operations or products, such as: strategies; research and development operations; industrial processes and data; technical, production, commercial and marketing data; promotional, sales or advertising initiatives; financial or operating profit; company transactions; information about salaries and staff.

The know-how developed by the Lavazza Group is a fundamental resource which must be protected by all employees and recipients. If this know-how is improperly disclosed, the Group could suffer both financial and image-related damage.

Employees and other recipients are therefore under an obligation not to reveal to third parties any technical, commercial or organisational information — except for news and/or information which is commonly held to be within the public domain — which constitutes strictly confidential information.

This obviously excludes any cases in which such disclosure is required by law or is expressly provided for in specific agreements in which the contracting parties have undertaken to use the information only for the purposes for which it has been transmitted and to treat it as confidential. Confidential issues must therefore be treated in complete confidence, and no information of any kind must be provided without the necessary authorisation. Confidential documents must be stored with the utmost discretion and care.

It must be remembered that:

- it is important to refrain from disclosing any information about the Company which is not within the public domain, without previous authorisation from your direct superior, at any time even after termination of your contract of employment;
- all the necessary precautions must always be taken in order to prevent the disclosure of confidential information. This also means taking care not to leave this information where it can be seen on your desk or workstation, or anywhere that can be accessed by other people. Confidential information must be kept in locked filing cabinets in designated areas, according to the guidelines in the company's file management policy. Confidential issues must always be handled with the utmost discretion, especially in a public place and even in the workplace, if in the presence of personnel who are not authorised to access such information;
- persons outside the company who receive company information must be asked to respect its confidential nature;
- the confidential nature of private information about company employees must also be respected.

The disclosure of confidential information outside the Company and in particular to competitors, or the use of such information for personal gain or the benefit of others, constitutes a disciplinary offence, and legal action may also be taken even if the disclosure is made after the contract of employment has terminated, for any reason.

For any doubts in relation to the handling of confidential information, or potentially confidential information, you must immediately contact your direct superior who will inform the Group's Organisation and Personnel Department. You may also contact this Department directly.



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### ***Handling the content of external communications***

The Lavazza Group recognises the key role of clear, effective communication in its internal and external relations, as something which directly and indirectly affects the company's growth. Employees responsible for disclosing information about Lavazza Group companies to the public, or to specific sectors or business lines, in the form of speeches, attendance at conventions, publications or any other form of presentation, must receive prior authorisation from the CEO or Director of Corporate Image of the Parent Company Lavazza S.p.A..

In particular, disclosure to the media plays an important role in creating the image of the Lavazza Group; therefore all information about the Group must be accurate and consistent, and must only be supplied by employees with responsibility for media communications.

No other employees may provide non-public information about the Group to representatives of the media, nor may they have any type of contact with the media for the purpose of disclosing confidential company information, and must take care to inform the Director of Corporate Image of the Parent Company Lavazza S.p.A. of any questions raised by the media.

### ***RESPONSIBILITY IN THE MARKETPLACE***

#### ***Acting with integrity***

The Lavazza Group, its employees and other recipients of the Code agree to abide by the highest standards of integrity, honesty and correct conduct in all relations inside and outside the Group. Financial, accounting and other reports and data must provide a complete and accurate picture of all the Company's transactions as well as the accounting and financial situation.

Irregularities in bookkeeping are illegal, and constitute a breach of the Code. All employees are therefore prohibited from adopting behaviour or omitting anything which may lead to:

- the entry of fictitious transactions;
- the entry of transactions in a misleading manner or that are not sufficiently documented; the failure to enter transactions regarding the allocation of funds or the management of the Company's assets or accounts;
- the failure to enter any commitment, including a guarantee, which may generate liabilities or obligations for the Group.



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It is thus necessary to:

- act in good faith, responsibility, with due attention, diligence and competence, without neglecting any objective information, ensuring that all transactions conducted have been duly authorised, are verifiable, legitimate and coherent;
- ensure that all transactions are entered, accounted for and documented appropriately; refrain from entering false or misleading information in accounts ledgers and company archives;
- correct and immediately register any errors or adjustments to the accounts;
- produce complete, accurate, reliable, clear and comprehensible periodic financial reports;
- carry out administrative and accounting inspections to ensure that financial or other reports are duly and accurately prepared according to company procedures, and that they show relevant, correct information;
- set up thorough business processes to ensure that operational decisions are based on solid economic analyses, including a prudent valuation of risks and providing a guarantee that company assets are utilised in the most appropriate manner.

Relations with contractual partners and collaborators are based on transparency and the opportunity of mutual profits and long-lasting relations.

Relations with public institutions must only be handled by the designated departments and employees; these relations must be transparent and underpinned by the Group's fundamental values. If a public institution is a client or supplier of a Group company, the company must act in strict compliance with the laws and regulations governing the sale or purchase of goods and/or services to that particular institution.

Any relationship the Group undertakes with trade union organisations, political parties and their candidates or representatives must be characterised by the highest standards of transparency and correct conduct. The Group may only make financial contributions if expressly permitted or imposed by law, and in this last case, if authorised by the relevant executive bodies of each Group company.

Any contributions from Group employees, or work carried out by them, must be considered exclusively of a personal, voluntary nature.

### ***Respecting the competition***

The Lavazza Group recognises the fundamental importance of a competitive market and undertakes to abide by the legal rules on competition applied locally.

The Group, its employees and other recipients must avoid practices (limitation on production or sales, conditional agreements, etc.) that may represent a breach of the laws on competition.

In the ordinary course of business, information is usually acquired about other companies, including customers, suppliers and competitors. It is usual to receive this type of information, if it is obtained legally.

The Group undertakes not to use improper means, such as industrial espionage, employing the personnel of competitors in order to obtain confidential information, or encouraging competitors' personnel to reveal confidential information about their company.



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### ***Avoiding conflicts of interest***

Everything possible must be done in order to avoid involving yourself or your family members in situations which may create a conflict between personal or family interests, and those of the Company. This is in order to avoid any situation that may hinder the objective, efficient conduct of your work.

Subject to the general condition of compliance with the loyalty obligation under Art. 2105 of the Italian Civil Code, all employees are prohibited from:

- accepting cash or goods from third parties in connection with company transactions;
- holding property (such as financial or commercial investments with suppliers, clients or competitors) or substantial interests of any other kind in businesses run by suppliers, clients or competitors. A “substantial interest” means a personal or family-related financial interest that could influence independent action or judgement in deciding in the best interests of the Group and the most appropriate way of pursuing them. A conflict of interest can also arise from a business relationship undertaken by the Company with an enterprise in which the employee has a significant personal or family interest, in terms of capital investment, whether made directly or through an intermediary, as this could significantly affect the regular conduct of business;
- undertaking work on behalf of other companies, even if they are not direct competitors of the Company, particularly clients or suppliers of the Lavazza Group, if these activities — because of their nature or potential consequences — could create situations of conflict with the Company's aims and interests, or interfere with the employee's ability to dedicate the necessary amount of time and effort to his work.

In particular, this restriction concerns the following activities:

- activities performed directly or through an intermediary (natural person or corporation);
- self-employment or work on behalf of third parties;
- other work carried out for any reason (employment, freelance work, partnership or directorship, work as a contractor, representative, agent, proxy or consultant).

Reliance on the technical and commercial knowledge acquired at the Company, or relations with clients and suppliers, could also create a conflict of interest if used for the purpose of starting and/or running the above-mentioned activities for personal gain or the benefit of third parties, regardless of the actual damage caused to the Company;

- accepting cash, excessive favours or any other benefit of significant value offered by individuals with whom the Company undertakes business relations;
- deriving personal gain from a commercial opportunity which may be of interest to the Company.

Any ongoing work with a company not belonging to the Group, or any relations of a financial, commercial, professional, family-related or friendly nature that could influence impartiality of an employee's conduct and in general any actual or potential conflict of interest, must be reported immediately to your direct superior who will inform the Group's Organisation and Personnel Department. You may also report directly to this Department.



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### *Acting with caution when accepting gifts and perks*

Gifts and perks with a value that is inconsistent with normal working relations may create undue influences or interfere with the conduct of business relations which are free from the obligations of gratitude.

The Company therefore sets certain limits on its employees and other recipients (or their family members) receiving gifts or other benefits from people with whom they undertake business dealings, which may affect independent judgement. Under the above limits, "gifts" are deemed to be cash and tangible goods, services or discounts on the purchase of goods or services.

Points accumulated when travelling for business, offered by airlines or travel agencies (such as the Mille Miglia Alitalia promotion, or similar), can also be utilised for personal use. However, you may not request changes or change airlines, flights or other types of booking for the sole purpose of accumulating points or air miles, if this will involve additional costs for the Company.

### *Avoiding unlawful payments and irregular forms of payment*

No amount of cash or other remuneration or payment may be offered directly or indirectly to individuals with whom you undertake business relations, even following unlawful pressuring; nobody is authorised to offer gifts or perks to these people beyond the reasonable limit which is consistent with normal business relations.

The Group will not tolerate any form of corruption whatsoever with regard to public officials or any other party connected to public officials, in any jurisdiction, even in countries where such activities are permitted or not prosecuted.

With regard to the above, employees and other recipients must not offer freebies, gifts or other utilities which may breach any laws or regulations or which are contrary to the Code or may, if made public, harm the Group in any way, even if only with regard to its image.

### *Prevention of money laundering*

The Lavazza Group and its employees must always abide by anti-money laundering legislation in any competent jurisdiction, and must never conduct or become involved in activities which may involve the laundering (i.e. handling or processing) of income from any form of criminal activity. The Group and its employees must first carry out a preliminary check on the information (including financial information), available in relation to business partners and suppliers in order to determine their respectability and the legitimate nature of their business before establishing any business relations with such persons.



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### ***IMPLEMENTATION AND GUARANTEES***

The Lavazza Group is committed to achieving the highest standards of behaviour and best practices regarding its moral, social and business responsibilities towards interested parties and persons outside the Company.

The Code of Conduct sets out the Group's expectations towards its members and the responsibilities they must accept in order to adopt consistent behaviour.

The Group's management is responsible for ensuring that these expectations have been understood and that the commitments set out in the Code are implemented by employees and recipients.

The Group encourages its employees to contact its Organisation and Personnel Department with regard to any situation relating to the Code in which doubts may arise as to the most appropriate conduct. All requests for explanations will be answered promptly, and the employee will not be at any risk whatsoever of retaliatory behaviour, even indirectly.

Employees or other recipients who become aware of any actions or transactions which may infringe the principles of this Code, company policies or procedures, must immediately report them to their direct superiors or to the Group's Organisation and Personnel Department.

The Lavazza Group strictly prohibits any form of retaliation or threatened retaliation against anyone who reports a concern or infringement in good faith.

**The Code of Conduct represents the employer's power to issue directions on how work is to be performed and disciplined (art. 2104 of the Italian Civil Code), and consequently, failure to comply with and/or breach of the Code by company employees constitutes a breach of the obligations deriving from the contract of employment and is a disciplinary offence (Art. 2106 of the Italian Civil Code). Any breach of this Code of Conduct may therefore lead to disciplinary action, including dismissal, in the most serious cases. Any breach of this Code may destroy the relationship of trust between the Group and the employee, with the contractual and legal consequences in relation to the contract of employment provided for by laws in force.**

Any disciplinary measures for breaches of the Code shall be taken by the Group's Organisation and Personnel Department, in accordance with laws in force and national collective labour agreements, and will be commensurate with the relevant breach of the Code. Depending on the seriousness of the breach, these measures may involve: a verbal or written warning, fine, suspension of employment or salary, dismissal. Application of disciplinary measures is unrelated to the commencement or outcome of any criminal proceedings, as the principles of the Code constitute binding regulations for employees and recipients of the Code, breach of which will be subject to disciplinary action irrespective of whether an offence has actually been committed or whether it is subject to punishment.

Since the recipients of the Code of Conduct are also persons with whom the Group companies undertake ongoing and structured business relations (as consultants, agents, proxies, representatives and corporate contractual partners), the Code of Conduct shall be deemed to form an integral part of any contracts with the above-mentioned collaborators and partners, which will be terminated if the Lavazza Group becomes aware, within the limits permitted by the nature and rules of each contract, of any behaviour which does not conform to the relevant principles and standards of behaviour.



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For this purpose, reference may be made to termination clauses pursuant to Art. 1456 of the Italian Civil Code, which specifically refer to compliance with the principles and standards of behaviour in the Code of Conduct. Any form of retaliation against anyone who has reported in good faith potential breaches of the Code, or requested explanations on its application, is a breach

of the Code. Likewise, anyone who accuses other employees of having breached the Code in the awareness that this breach does not exist, is also in breach of the Code.

Any waivers of the provisions of this Code, even if only partial and granted for a limited time and scope, may only be authorised, and only for serious, justified reasons, by the Board of Directors of the Group company of the requesting employee, after consultation with the Supervisory Committee.

The Supervisory Committee of the parent company Lavazza S.p.A. conducts periodic audits on the implementation of the Code. The results of these audits, also intended to suggest any amendments to the Code itself, are presented to the Board of Directors of Lavazza S.p.A.

Turin, July 2006