

**act transparently**

# Code of ethics

## I. Introduction

The "Code of Ethics" (hereafter referred to as the Code) outlines the commitments and ethical responsibilities that the company asks its workforce, whether they are directors, collaborators or employees, to adhere to when conducting business or other activities on the company's behalf.

In the pursuit of its business illycaffè spa wishes to operate transparently and to pay particular attention to economic, social and environmental sustainability.

To act transparently it is necessary to guarantee a spontaneous internal and external flow of information regarding situations constituting a potential advantage or disadvantage for the company.

Guaranteeing fair pay for its workforce, fair and transparent sales conditions for its customers and a fair profit for its suppliers are all issues that illycaffè spa regards as fundamental.

illycaffè spa also asks its subsidiaries to adopt this ethical code.

### 1.1 The illycaffè spa mission and vision

The illycaffè spa mission is to delight its consumers with excellent products and services, to ensure its workforce is fulfilled both personally and professionally and to create value for its shareholders in full compliance with economic, social and environmental sustainability.

*Thanks to our enthusiasm, teamwork and values, we aim to delight people all over the world who value the quality of life by offering the best-quality coffee possible nature can provide, enhancing its perfection through the most innovative technologies, and inspiring emotional and intellectual involvement by seeking beauty in everything we do.*

Within this framework, illycaffè spa seeks to focus on the human factor by promoting and optimizing the professional skills of its staff which it recognises as an essential factor in the company's success. At the same time the company operates in full compliance with health and safety standards as well as safeguarding privacy.

*We aim to be the best in the world for coffee culture and excellence. An innovative company offering the finest products in the best places, growing to become the high-end segment leader.*

### 1.2 illycaffè spa values

*Seeking perfection is our main value. It is expressed in two cornerstones: passion for excellence, meaning love for beauty and doing things well, and ethics, meaning long term value building through sustainability, transparency and people development.*

*We wish to improve our stakeholders' quality of life.*

### 1.3 A cooperative approach to stakeholders

illycaffè spa also seeks to maintain and develop a trusting relationship with its **stakeholders**, i.e. all those who have an interest in the company.

The company **stakeholders** include consumers, workforce, product and service suppliers, communities, shareholders and business partners.

The term communities is used here in its extended sense to mean all the individuals and groups (and the organisations and the institutions that represent them), whose interests are affected directly and indirectly by illycaffè spa activities, including the local and national communities in which the company operates.

### 1.4 The value of ethics

An insistence on ethical conduct is essential for creating an ethos of reliability in illycaffè spa's relations with its stakeholders and, more in general, with the entire civil and economic context in which the company operates.

This is why, in order to guard against the offences outlined in the 2001 Legislative Decree, No. 231 regarding the regulations governing administrative liability, a number of specific principles have been established to regulate relationships with the Public Administration, the market and third parties.

illycaffè spa is convinced that observing these ethical regulations and conducting business transparently represent essential operating conditions and a competitive advantage for pursuing and reaching the target of creating and maximising value for illycaffè spa customers, employees, shareholders and the community in general.

An environment characterised by a strong sense of ethical integrity plays a decisive role in ensuring that company policies and control systems operate efficiently, which is why illycaffè spa intends to promote its creation.

Given that the Code of Ethics clarifies illycaffè spa's special duties to its **stakeholders** (fiduciary duties), the observance of this code will become the foundation of the company's reputation.

The Code of Ethics consists of:

- general principles governing relations with **stakeholders**, providing abstract definitions of the benchmark values to be applied to illycaffè spa activities;
- conduct criteria for interaction with each class of **stakeholder**, providing members of the illycaffè spa workforce with practical guidelines and rules on how to comply with the general principles and thereby helping avoid the risk of unethical conduct;
- implementation procedures, which describe the monitoring system that ensures the Code of Ethics is observed.

### **1.5 Validity and application of the Code**

The Code adopted by illycaffè spa defines the fundamental guidelines that should inspire all company activities and guide the conduct of all its stakeholders, thereby guaranteeing illycaffè spa's correct operation, reliability and image. In particular, and by way of example:

- the members of the Board of Directors should take into account the principles and values expressed in the Code when establishing company goals;
- managers should demonstrate how to put the principles and values expressed in the Code into practice, take responsibility for its introduction both internally and externally and help reinforce trust, cohesion and team spirit;
- employees and other members of the workforce should adapt their actions and behaviour to comply with the principles, values, targets and commitments set out in the Code.

The Code is valid in both Italy and abroad and may be adapted to suit the different situations in the countries in which illycaffè spa operates.

The Code is aimed at all company Bodies and their various components, and all members of the workforce including temporary and external workers, consultants, agents, attorneys and anyone acting on behalf of illycaffè spa (defined generally as "Addressees").

The Code will be made available to all those who are involved with illycaffè spa both nationally and internationally, all of whom will be asked to abide by the principles indicated in it.

## II. General principles

### 2.1 Impartiality

illycaffè spa rejects any discrimination whatsoever regarding the age, sex, sexuality, state of health, race, nationality, political opinions and religious beliefs of the parties involved in decisions that affect its relations with **stakeholders** (such as, choice of customers, staff management, work organisation, supplier selection and management, relations with shareholders, and relations with the local community and the institutions that represent it).

### 2.2 Honesty

In the sphere of their professional activity, all members of the illycaffè spa team are required to diligently observe the laws in force, company regulations and the Code of Ethics. The pursuit of illycaffè spa's interests does not justify dishonest conduct in any shape or form.

### 2.3 Correct conduct in the event of potential conflicts of interest.

Without prejudice to the exceptions outlined in art. 3.4.2, when conducting any company business whatsoever, situations involving conflicts of interest should always be avoided even if only apparent. This refers to situations where a member of the workforce is either pursuing interests other than those defined by the company mission or the balance of **stakeholder** interests, or exploiting company business for their own personal gain, as well as situations where representatives of customers, suppliers or public institutions are acting against the fiduciary duties associated with their position.

### 2.4 Privacy

Without prejudice to the exceptions outlined in art. 3.4.3, illycaffè spa guarantees that all the information in its possession will remain confidential and abstains from conducting research on confidential data unless express authorisation has been given and current legislation allows it. Moreover, all members of the illycaffè spa workforce are required to keep any information regarding illycaffè spa activities strictly secret and not to use any confidential information for reasons other than the rightful performance of their own duties. This refers to practices such as **insider trading** (where shares are bought or sold by persons, who have access on account of their position inside the listed company or their professional activities to confidential information giving them an edge over other investors in the same market).

### 2.5 The value of human resources

The illycaffè spa workforce is an essential factor for the success of the company. This is why illycaffè spa safeguards and promotes the value of human resources in order to improve and increase the range and competitiveness of skills held by members of the workforce. illycaffè spa is therefore committed to stimulating the know-how, potential and personal interests of its workforce in order to achieve company goals.

### 2.6 Personal integrity and dignity

illycaffè spa guarantees the physical and moral integrity of its workforce and ensures that work conditions respect the dignity of individuals and that all workplaces are healthy and safe.

All members of the illycaffè spa workforce are offered equal work opportunities on the basis of their professional skills and performance, with no discrimination whatsoever and in full compliance with human rights.

### 2.7 Fair use of authority

When subscribing to and managing contractual relations that involve the establishment of hierarchical relations – especially with its workforce – illycaffè spa undertakes to ensure that any authority authorised is exercised correctly and fairly, without abuses. In particular, illycaffè spa guarantees that authority when put into practice will not be transformed into a form of power that harms the dignity and independence of members of the workforce, and that any decision regarding the organisation of work tasks will safeguard the value of its workforce.

### 2.8 Entrepreneurship

illycaffè spa undertakes to manage the company using key criteria such as economy and efficiency to supply solutions and services with a favourable quality-cost ratio and to guarantee the highest degree of customer satisfaction.

### **2.9 Product and service quality**

illycaffè spa undertakes to safeguard and satisfy its customers by listening to their requirements in order to improve the quality of the company's products and services. This is why illycaffè spa focuses its research, development and marketing activities on achieving the highest quality standards for both its products and services.

### **2.10 Responsibility to the community**

illycaffè spa intends to operate with complete respect for the environment and the local and national communities and to sustain cultural and social initiatives to heighten its reputation even further and increase social consent.

### **2.11 Protection of the environment**

The environment is a primary asset that illycaffè spa undertakes to safeguard by seeking to achieve a balance in all its operations between economic initiatives and crucial environmental requirements that safeguard the rights of future generations. illycaffè spa undertakes to improve the impact of its activities on both the environment and the natural landscape and to prevent any risk to people or the environment, not simply by observing the regulations in force, but also by taking into account developments in scientific research and the best breakthroughs.

### **III. Key conduct criteria**

#### **3.1. Administrative management and financial statements**

When compiling its financial statements and any other form of accounting documentation illycaffè spa always complies with current laws and regulations and adopts the most advanced accounting practices and principles. Accounting and financial statements faithfully represent management operations (economic, financial and assets & liabilities) in compliance with key criteria such as transparency, correctness and truth. All administrative/accounting systems allow individual operations to be suitably reconstructed and faithfully represent company transactions enabling motives and different levels of responsibility to be distinguished.

Violating current administrative and accounting procedures is strictly forbidden.

All the tools required to guide, manage and inspect illycaffè spa operations are adopted with the aim of complying with current legislation and internal procedures, protecting company assets, managing activities efficiently and supplying comprehensive and accurate accounting and financial data. The internal inspection system that checks and guides the organisation of illycaffè spa affairs meets all these requirements.

In particular, internal inspections:

- check that the various company processes are effective, sufficient, consistent, efficient and economical;
- verify that conduct complies both with regulations and company policies and directives;
- guarantee that accounts are precise and reliable and that company assets are safeguarded.

Each Person for whom the Code is intended, within the limits of their tasks and duties, is responsible for defining and ensuring correct operation of the inspection system.

#### **3.2 Customer relations**

illycaffè spa undertakes not to discriminate arbitrarily between its customers and to guarantee suitable quality standards for the services/products offered.

illycaffè spa's style of conduct with regard to its customers is based on accessibility, respect and courtesy with a view to creating a relationship where collaboration and professional expertise are paramount.

#### **3.3 Relations with the workforce**

##### **3.3.1 Staff selection**

Staff selection and recruitment is based on objectivity, ability and professional skill. It guarantees equal opportunities and rejects any form of favouritism to guarantee the company the best skills available on the job market.

##### **3.3.2 Management and development of human resources**

The integrated illycaffè spa system of human resources management and development offers all members of its workforce equal opportunities and professional growth strictly on the grounds of merit. In the sphere of company planning, illycaffè spa promotes the development of each worker's skills and capabilities through appropriate training schemes.

##### **3.3.3 Health and safety**

illycaffè spa undertakes to spread and consolidate a safety culture by developing an awareness of risks and by promoting responsible behaviour amongst its workforce. illycaffè spa also strives to preserve the health and safety of its workforce and the interests of other stakeholders with preventive actions in compliance with the accident prevention and health and safety in the workplace directives stipulated in Legislative Decree 626/94 and all subsequent amendments, additions and implementations.

##### **3.3.4 Safeguarding privacy**

illycaffè spa complies with the Personal Data Protection Code based on the data protection issues outlined in Legislative Decree 30.06.2003, No. 196.

In compliance with these regulations, illycaffè spa informs all members of its workforce about the nature of the personal data processed, the way it is processed and with regard to communication the company adopts appropriate measures to guarantee the confidentiality of said data.

### 3.3.5 Personal integrity and protection

illycaffè spa undertakes to safeguard the moral integrity of its workforce by guaranteeing them the right to work conditions that respect their personal dignity. This is why it protects its workers from acts of psychological violence and opposes any discriminatory conduct or behaviour that may be harmful to people, their convictions and preferences.

## 3.4 What is expected of the Workforce

### 3.4.1 Diligence and good faith

Every member of the workforce should behave loyally and in good faith, observing the contractual obligations they have agreed to and performing the tasks required of them.

Workers should also read and observe the contents of the Code and seek to base their conduct on respect, cooperation and teamwork.

The Code will be made available to workers who will be asked to sign a declaration of awareness in which they agree to observe the principles contained in it.

### 3.4.2 Conflict of interests

Each worker should carry out their various duties in the exclusive interests of illycaffè spa, avoid situations that may lead to a conflict of interests and not take personal advantage of business opportunities they have become aware of while at work.

By way of example only, a number of conflict situations are listed below:

- accepting money, gifts or favours of any kind from people, companies or associations that have business relations or are negotiating with illycaffè spa;
- using the worker's position in the company or information obtained at work for personal gain;
- concluding, finalizing or entering into deals and/or contracts, in the name of and/or on behalf of illycaffè spa, with family members or partners or with companies or individuals who answer to them or who in any case constitute interested parties.

If a conflict of interests should ever arise, members of the workforce must report it to the company.

### 3.4.3 Confidentiality

Members of the workforce are required to treat as strictly confidential any data, documents, studies, initiatives, projects, contracts, plans etc. involved with their work, especially if they might compromise the image or interests of either the company or its customers.

All information, especially the information gathered as part of work carried out for customers, should be regarded as confidential and must not be divulged to third parties or used to obtain direct or indirect personal benefits.

### 3.4.4 Safeguarding company assets

Every worker is required to operate diligently in order to safeguard company assets. They should therefore always behave responsibly and in line with standard operating procedures that govern the use of said assets and document their use precisely. In particular, every worker should:

- use the company assets entrusted to them scrupulously and frugally;
- avoid the improper use of company assets that may cause damage or reduce efficiency, or which may, in any case, work against the interests of the company.

As far as I.T. systems are concerned, every member of the workforce should:

- observe company security policies scrupulously so as not to put I.T. operating and protection systems at risk;
- not send threatening or offensive e-mail messages and not write inappropriate comments that people may find offensive and/or damage the image of the company;
- not surf internet sites with unseemly and offensive content.

## 3.5 Relations with suppliers, partners and external collaborators

illycaffè spa constantly monitors relations with its suppliers, which includes financial and consultancy contracts.

When a contract is stipulated with a supplier it must be based on relations that are entirely transparent.

Performing services for contract partners or paying them rewards of any kind that are not justifiable in the context of the business relation stipulated is strictly forbidden.

Paying external collaborators rewards of any kind that are not justified by the type of task they perform and by local practice is also forbidden.

All participation agreements made with partners and the responsibilities entrusted to external collaborators should be recorded in writing with all financial agreements clearly stated. These contracts should also stipulate obligations regarding compliance with the Company Organization Model and Legislative Decree 231/2001, as well as the sanctions that may be imposed if they are not adhered to.

### **3.6 Relations with all other stakeholders**

#### **3.6.1 Data processing**

illycaffè spa processes data in such a way that the interested party's privacy and confidentiality are fully protected. For this reason constantly updated data protection policies and procedures are applied. In particular, third parties involved in the data processing are all required to sign confidentiality agreements.

#### **3.6.2 External communications**

illycaffè spa communications with its **stakeholders** are based on compliance with the right to information, and therefore false or biased news or comments are never allowed to be divulged.

All communication activities comply with current legislation, regulations and professional business practice and are always performed clearly, transparently and promptly, safeguarding, amongst other things, price sensitive information and industrial secrets.

### **3.7 Relations with shareholders**

#### **3.7.1 Corporate governance**

illycaffè spa business conduct is guided not only by the values and principles already mentioned, but also by the utmost transparency. Within this framework, the company, therefore, provides shareholders with appropriate, prompt and comprehensive information regarding key aspects of company management.

illycaffè spa adopts a system of **corporate governance** that complies with all legal provisions. The system focuses on:

- guaranteeing transparency in relation to the market;
- monitoring company risks;
- reconciling the interests of all the shareholders;
- maximising value for shareholders.

### **3.8 Relations with the Public Administration**

In relations with the Public Administration, public officials or agents employed by public services, workers' conduct should always observe any relevant legal provisions and regulations and should never compromise in any way the integrity or reputation of illycaffè spa.

Only specified company divisions and authorised personnel may undertake commitments and manage relations with the Public Administration, public officials or agents employed by public services.

In the sphere of relations (even those of a non-commercial nature) established between illycaffè spa and the Public Administration, public officials or agents employed by public services, Addressees must never:

- offer, even through an intermediary, money or other benefits (such as career or commercial opportunities) to the official involved or to members of their family or anyone else connected to them in any way whatsoever;
- seek or establish illegal personal relations involving favours, influence or interference that may affect the outcome of relations either directly or indirectly.

It is strictly forbidden for Addressees to unjustly obtain profits at the expense of the Public Administration.

For this reason, Addressees should for no reason whatsoever:

- seek to unduly obtain on behalf of illycaffè spa grants, financing, subsidized loans or any other form of funding granted or supplied by the Public Administration using or presenting false or deceitful documents or by omitting due information;
- use grants, funding or financing intended for illycaffè spa for reasons other than those for which they were granted;
- unduly procure by artifice or misconduct (such as sending false documents or making untrue statements) any other form of profit at the expense of the Public Administration (licences, authorisations, deductions of any kind, including social security



contributions, tax relief and non payment of social security contributions, etc.) for personal gain, for illycaffè spa or for anyone else.

### **3.9 Gifts**

As a rule money, gifts or benefits of any other kind may not be promised, given to or accepted for any reason whatsoever in the sphere of illycaffè spa relations with customers, suppliers, public administration officials and third parties for either personal gain or to benefit illycaffè spa.

This does not include gifts which objectively comply with normal business and courtesy practices.

Procedures for accepting or giving gifts or benefits of any other kind must comply with company directives.

Approved cash rewards must always be authorised by the management and clearly documented so they can be inspected.

## **IV. Supervisory programme and implementation methods**

### **4.1. The Supervisory Body**

The company has set up a Supervisory Body (the Body) whose responsibilities include:

- ensuring that the Code is complied with and implemented, and promoting initiatives to ensure people are made aware of and understand it;
- investigating any actual or potential violations of the Code and informing the Chairman of the Board of Directors (or the Executive Committee), the General Managers and any other relevant bodies of the outcome, so that any necessary sanctions can be adopted;
- proposing to the Chairman of the Board of Directors and/or the Executive Committee and/or the Board of Directors, initiatives for updating or adapting the Code on the basis of the information gained from supervision or investigation activities;
- checking that the criteria and techniques used to process accounting data and all relative information comply with generally accepted principles and standards of best practice, and that the relative administration processes and monitoring systems are operating efficiently;
- guaranteeing a constant flow of information to Company Bodies;
- processing and monitoring the implementation of the supervisory programme in the various sectors of company activity;
- requesting targeted inspections if malfunctioning is reported or crimes committed which must be prevented;
- helping to prepare and integrate internal regulations for the prevention of risks and the continuous improvement of ethical conduct in the company sphere;
- informing the relevant company divisions of the opportunity of adopting disciplinary measures for persons violating company procedures or principles.

All of these functions may be performed with the help of independent experts.

The Body is appointed by the Board of Directors which defines its composition (in compliance with Legislative Decree No. 231 dated 8 June 2001, ), its term in office and any remuneration.

The relevant company divisions must actively cooperate to ensure that illycaffè spa operates correctly, by guaranteeing and facilitating the various internal company management monitoring systems required by current legislation and the company organisation model. They must also avoid any actions that may obstruct the inspection and auditing activities carried out by the Board of Auditors, the Chief Auditor or the Supervisory Body.

### **4.2 Communications and training**

All those who participate in the company mission (internal and external workforce) should be made aware of the Code by means of appropriate communications.

To ensure the Code is properly understood by the company's entire workforce the Human Resources Management must promote awareness of the principles and rules stipulated in the ethical code.

### **4.3 Reporting breaches of the Code**

Addressees must always report any breach of the Code to the Supervisory Body. This Body will assess the report, contacting the person who submitted it, the person responsible for the presumed breach and any other people who may be involved.

The Supervisory Body undertakes to keep the identity of persons who report breaches of the Code secret, as far as legal obligations allow.

### **4.4 Sanctions**

Depending on the gravity of the illegal actions committed, illycaffè spa will adopt appropriate measures without prejudice to the exercise of an eventual criminal action from the Judicial Authorities. In particular, in the event of breaches of the Code by employees and/or managers, disciplinary measures will be taken in proportion to the gravity and the recurrence of the misconduct or to the degree of the liability, in compliance with art. 7 of Law No. 300 dated 20 May 1970, and any other provisions stipulated in the contract of employment.

The provisions of the Code also apply to temporary workers who must observe them. In line with specific contractual commitments made to illycaffè spa, all respective employment and recruiting agencies must also punish any breach of the Code with adequate disciplinary measures.

With regard to Directors and Auditors who fail to observe the regulations of the Code, measures will be taken respectively by the Board of Directors and the Board of Auditors in proportion to the gravity and the recurrence of the misconduct or to the degree of

the liability,, including proposing a "fair dismissal" withdrawal of their mandate to the General Meeting of the Shareholders. In this latter case, illycaffè spa shall also have the right to claim for damages caused by the offender's illegal conduct. With regard to suppliers and external collaborators and consultants, any breach of the rules of the Code shall be sanctioned with the termination of their contracts and illycaffè spa shall also have the right to claim for damages caused by the offender's conduct.