



# Global Code of Conduct for Coffee Suppliers

Last Update: September 1, 2022

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Sourcing responsibly grown coffee is at the core of the Louis Dreyfus Company (LDC) coffee sustainability mission. We believe that we have a role to play in setting an example through our sustainability efforts.

Because we aim at spreading sustainable practices throughout the coffee value chain, we introduced our Global Code of Conduct for Coffee Suppliers (Code of Conduct) in the main origination countries in 2015. A thorough revision of this Code of Conduct was conducted in 2020, under which we added to, clarified and improved our sustainability principles. This revised version of our Code of Conduct, updated in 2022, aims to reflect other relevant sustainability topics and better aligns with other global standards. This represents an important step forward in business and regulatory environments that are continually evolving and increasingly driven by sustainable consumption.

This Code of Conduct sets out to serve as a common base for our coffee suppliers and is intended to provide them with an understanding of our expectations for responsible practices.

Our approach to Sustainability consists of two streams:

- 1 - Sourcing responsibly and boosting production of certified and verified coffee;
- 2 - Going beyond certification to support farmers on the ground;

This Code of Conduct lies at the heart of Stream 1.

Through this Code of Conduct, we commit together with our suppliers to a long-term and continuous improvement process, to combine efforts toward establishing a more sustainable coffee value chain, and to support our suppliers along the way.

LDC coffee suppliers are expected to commit to the principles and behaviors set forth in this Code of Conduct and to implement them in a transparent manner. Compliance with national laws and regulations within the geographies in which they operate is a precondition encompassed in this Code of Conduct. The provisions of this Code of Conduct underpin our commitment to high ethical international standards, such as the Core Conventions of the International Labour Organization, the OECD Guidelines for Multinational Enterprises, the 10 Principles of the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights, as well as sector-specific standards such as the Global Coffee Platform Coffee Sustainability Reference Code.

This Code of Conduct applies to all organizations, cooperatives, companies or other entities supplying coffee directly or indirectly to LDC, hereinafter referred to as Supplier(s)<sup>1</sup>. We expect our Suppliers to communicate this Code of Conduct to their employees, parent, affiliates and subsidiary entities, as well as to their subcontractors. We also entrust our Suppliers to cascade this Code of Conduct's principles within their supply chain and to promote them in their daily professional conduct.

Reading and acknowledging this Code of Conduct is an imperative step for our Suppliers. The requirements specified in this document will be periodically updated to reflect changes in standards, laws and regulations. This version of the Code of Conduct has been issued on **September 1, 2022**.

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<sup>1</sup> LDC acknowledges that its supplier base is diverse and that the way in which compliance with specific provisions of the Code is insured may need to be slightly adapted to reflect the suppliers' specific origin and applicable laws, size, structure and capacity.

## **1. Labor and Human Rights**

The Supplier shall ensure fair working conditions and that its activities are not at the origin nor contribute to human rights violations. It shall map its stakeholders and abide by all applicable national and international laws and regulations in the area of social legislation and obtain and maintain all required registrations, licenses and permits in the country it operates.

### **A. Minimum Age and Child Labor**

The Supplier shall:

1. respect the minimum age for employment thus not employ anyone under 15 years of age or under the age of completion of compulsory schooling, whichever is higher. If the Supplier operates in a developing country where the economy and educational facilities are insufficiently developed, a minimum age of 14 might apply;
2. respect the minimum age of 18 for hazardous work (activities that by their nature or circumstances are likely to harm the health, safety or morals of children, such as work with dangerous machinery, equipment and tools; work that involves manual handling or transport of heavy loads, work that exposes the person to hazardous substances, work for long hours during the night, among others);
3. not allow any form of work that is mentally, physically, socially or morally dangerous and harmful to children (people under 18) and/or interferes with their schooling (deprives them of the opportunity to attend school, oblige them to leave school prematurely or require them to attempt to combine school attendance with excessively long and heavy work);
4. not tolerate the worst forms of child labor, such as slavery or practices similar to slavery (trafficking of children, debt bondage, serfdom);
5. proactively assess and address any risk of child labor;
6. develop a child labor policy and assign responsibility for the issue to dedicated staff, who shall be trained regularly;
7. actively engage with its business partners to resolve the issues that have led to non-conformances with the aforementioned requirements. Where such engagement is not possible or have proved inefficient, discontinue business relationships with such business partners in cases of proven violations (e.g. company on a government child labor list).

### **B. Forced Labor**

The Supplier shall:

1. allow workers to accept and leave employment freely;
2. under no circumstances use or benefit in any way from forced or compulsory labor, including human trafficking and other forms of modern-slavery, done involuntarily under the threat of any penalty, such as mental or physical intimidation, confinement or restrictions on workers' freedom of movement, physical punishment, sexual abuse or other forms of violence, withholding of wages and debt bondage;
3. not retain any identity documents or other personal original documentation of any worker, nor charge any recruitment fees or deposits as a condition of employment;
4. if salary advancements or loans are made, the terms shall be fair and mutually agreed, and repayment shall not be used to impede workers to leave;
5. proactively assess and address any risk of forced labor;

6. develop a forced labor policy and assign responsibility for the issue to dedicated staff, who shall be trained regularly;
7. actively engage with its business partners to resolve the issues that have led to non-conformances with the aforementioned requirements. Where such engagement is not possible or have proved inefficient, discontinue business relationships with such business partners in cases of proven violations (e.g. company on a government forced labor list).

### **C. Equality and Discrimination**

The Supplier shall:

1. treat all workers equally and fairly;
2. provide equal hiring and employment opportunities and forbid any kind of harassment and discrimination with respect to any personal characteristic, such as gender, sexual identity, race, ethnicity, age, religion, social background, marital status, disability, health status, nationality or political opinion;
3. protect women workers against threats of dismissal or any other employment decision that negatively affects their employment status in order to prevent them from getting married or becoming pregnant;
4. foster a fair work environment and establish and maintain an anti-discrimination policy.-The policy should define the Supplier's position on discrimination, clearly define and exemplify discriminatory practices in the workplace, refer to the local laws and outline grievance procedures and disciplinary actions. The document shall be drafted with and communicated to all workers in order to promote understanding and compliance.

### **D. Collective Bargaining and Freedom of Association**

The Supplier shall:

1. grant employees and workers the right to freedom of association and collective bargaining;
2. facilitate the activities of trade unions and other worker organizations, as well as the participation or engagement in representative activities in the workplace.

### **E. Regular Employment**

The Supplier shall:

1. ensure regular working hours do not exceed 48 hours per week, or less if provided by local laws and regulations, collective agreements or local industry conventions, with exceptions for specific jobs, if allowed by national law. Overtime is permitted, if paid according to national laws and only on a voluntary basis, except in extraordinary conditions if agreed to in a collective bargaining agreement;
2. provide adequate periods for rest and recuperation, including weekly rest and paid annual leave, as per local laws, regulations and collective bargaining agreements. Workers should enjoy at least 1 day of rest per week;
3. ensure all social benefits comply with mandatory benefits as per local laws and regulations. Workers shall be covered by an insurance or social security scheme against fatal and non-fatal occupational injuries and diseases, as well as against invalidity and other work-related health risks. Women workers shall be entitled to maternity protection (leave and benefits as well as protection against discrimination) in accordance with the requirements of national laws and regulations;

4. compensate permanent and temporary workers in accordance with local laws and regulations and collective agreements, including indirect compensation or non-monetary benefits (e.g. education benefits). Remuneration shall respect the nationally or regionally established minimum wage. If inexistent, remuneration shall be established based on the local industry standard wage;
5. pay workers regularly and no less than monthly;
6. specify all conditions of employment in a written employment contract between the Supplier and the worker, enforceable under applicable laws. Verbal contracts may be entered into between the Supplier and the worker on an exceptional basis, where the worker is engaged on a temporary basis on small-scale farms, provided such verbal contracts are recognized and enforceable under applicable laws. The terms of employment shall be agreed upon by the Supplier and the employee at the time of hiring;

## **F. Coffee Farm Workers, Coffee Farmers and Local Communities**

The Supplier shall:

1. map all the stakeholders concerned by its activities;
2. maintain an active and transparent dialogue with the local communities and take their interests into consideration, when making business decisions;
3. ensure that its activities benefit rather than hinder the local communities' development. Where possible, the Supplier should contribute to local job creation, infrastructure development and provisioning of education, sanitation and medical care services, among others;
4. respect the rights of indigenous and local communities, including land rights and the right of free, prior and informed consent;
5. where possible, foster and support initiatives that contribute to improving farmer income and reducing the living income gap, including the assessment of the farmer income gap, yield and quality improvement, crop and income diversification, and improve cost efficiencies.

## **2. Health & Safety**

The Supplier shall ensure safety and health at work and to others who may be affected by its activities. It shall abide by all applicable national and international laws and regulations in the area of occupational health and safety and obtain and maintain all required registrations, licenses and permits in the country it operates.

### **A. Work Environment**

The Supplier shall:

1. provide a safe and healthy work environment for all workers (seasonal, temporary and permanent), in accordance with applicable legal standards, with particular attention to the most vulnerable workers (pregnant and breastfeeding women, older people, people with disabilities, etc.). In order to prevent accidents and injuries, the workplace shall be appropriately equipped, and personal protective equipment provided free of charge;
2. establish and maintain emergency prevention, preparedness and response arrangements;
3. offer all workers easy access to potable drinking water;
4. provide all workers with adequate lighting, temperature, ventilation and sanitation, including welfare facilities (e.g. toilets, changing rooms) at no cost to the workers;

5. train all workers on “Health & Safety”, including initial training for new workers and regular refresher training courses for all workers;
6. provide accommodation for workers who are required by the nature of their work to live temporarily or permanently at the workplace. If employee housing structures exist, they shall consist of facilities for food preparation and storage, bathrooms and showers, adequate heating and ventilation equipment, appropriate furniture and clean and safe dormitories. Workers shall be granted reasonable personal space and be free to leave the dormitory facilities at any hour.

## **B. Occupational Health & Safety Management System**

The Supplier shall:

1. establish an occupational health & safety (“OHS”) management system for continual improvement of the working environment as well as preventive and protective measures. The OHS system shall contain at least the following elements: policy, worker participation, organization of responsibility and accountability schemes, training, documentation and record keeping, communication, planning and implementation, evaluation and action for improvement.

## **3. Environmental Protection**

The Supplier shall ensure the protection of the environment and abide by all applicable national and international environmental laws and regulations in the country where it operates and obtain and maintain all required registrations, licenses and permits.

### **A. Environmental Management and Climate**

The Supplier shall:

1. identify the ways its processes interact with the environment and their potential impacts on the environment and climate. These environmental and climate aspects can be related to land use changes, use of energy, chemical inputs, raw material and natural resources (e.g. usage of water for processing), releases to land and to water, greenhouse gas emissions and waste, among others;
2. identify climate change risks for coffee production and potential impacts for its activities and local communities in the short, medium and long term (e.g. loss of suitable area for coffee production, lower yields, water stress, occurrence of climate disasters, increased incidence of pests and diseases, etc.);
3. adopt procedures and technologies that raise the positive effects and minimize the negative effects of its operations on the environment and climate. These should include measures to foster climate change adaptation and mitigation through regenerative agriculture and climate-friendly practices (reforestation, shade management, water saving and recycling, more efficient use of energy, replacement of fossil fuels by renewable energy sources, etc.);
4. assign responsibility for environmental management to dedicated staff, who shall be trained regularly.

### **B. Natural Resources and Biodiversity**

The Supplier shall:

1. minimize and optimize the use of natural resources such as water and soil;

2. safeguard and ensure its activities cause no harm to natural ecosystems, protected areas and their biological biodiversity, including wildlife and rare, threatened and endangered species;
3. ensure that no coffee plantations are on peatlands;
4. ensure that no forest areas (primary forest or old growth secondary forest) are cleared or converted for coffee production (e.g. forest replaced by a coffee plantation) or processing (e.g. forest cut to provide firewood to dry the coffee beans) in line with [LDC's commitment](#) to eliminate deforestation and conversion of native vegetation in its supply chain by end 2025. For farmers participating in LDC's Responsible Sourcing Program, no conversion of forest must have taken place since January 1, 2014;
5. if forest areas have been cleared or converted into coffee plantations, ensure that compensation measures (e.g. replanting of native trees) are taken.

### **C. Pollution and Waste**

The Supplier shall:

1. ensure treatment and disposal of waste (wastewater, solid waste or any other kind of waste) in accordance with all applicable legal requirements and standards;
2. not release substances in the environment without appropriate treatment, particularly of hazardous waste;
3. identify contamination risks and implement measures to prevent and minimize pollution and waste;
4. reuse, compost, recover and recycle water and materials wherever possible.

### **D. Agricultural Practices**

The Supplier shall:

1. adopt regenerative agriculture, soil conservation and sustainable agricultural practices enabling climate adaptation, soil health and fertility, and carbon sequestration (e.g. use of nitrogen-fixing species, enrichment of coffee plantations with timber and native tree species and other agroforestry practices);
2. maintain records for fertilizers and soil additives detailing the products used, source or supplier, quantity applied, date and method of application;
3. adopt fertilizer and nutrient management practices and optimize chemical fertilizer use, and establish a chemical fertilizer optimization plan with specific goals and actions;
4. adopt integrated pest management practices, taking careful consideration of all available pest control techniques (e.g. biological control by using beneficial insects or microorganisms, resistant coffee varieties, pruning) to minimize the use of pesticides;
5. maintain records for pesticides detailing the products used (commercial name and active ingredient), supplier of the product, reason for application, dosage, method and date of application;
6. implement measures to avoid pesticide drift on adjacent crops and other areas bordering the coffee plantations during application;
7. establish a reduction plan for the use of pesticides, with specific, time-bound goals or targets;

8. provide regular training on safe use and handling of agrochemicals (pesticides, fertilizers or other chemicals used) and other agricultural inputs, and store agrochemicals in a safe and adequate manner, in accordance with all applicable legal requirements and standards;
9. ensure that adequate equipment and personal protective equipment are used in all agricultural operations. They shall be regularly checked, maintained and replaced, in accordance with applicable legal standards;
10. ban the use of extremely and highly hazardous pesticides included in the [Global Coffee Platform's Prohibited List](#). This includes pesticides listed by the Stockholm Convention, the Rotterdam Convention and the Montreal Protocol; pesticides that meet the classes Ia (extremely hazardous) or Ib (highly hazardous) criteria of the WHO Recommended Classification of Pesticides by Hazard; pesticides that meet the carcinogenicity categories 1A and 1B criteria of the Globally Harmonized System on Classification and Labelling of Chemicals (GHS); as well as pesticides categorized as fatal if inhaled (H330) by the GHS;
11. substitute the use of the pesticides included in the [Global Coffee Platform's Phase-out list](#) for less toxic alternatives, and only use them while wearing the highest level personal protective equipment, with specific mitigation practices if registered less toxic alternatives are not available. This includes pesticides that meet the mutagenicity categories 1A and 1B and reproductive toxicity categories 1A and 1B criteria of the GHS, as well as pesticides with proven environmental toxicity (very toxic to aquatic organisms and pollinators, very persistent, very bio-accumulative);
12. ensure that no genetically modified (transgenic) organisms and varieties are used in coffee production.

## **4. Business Integrity and Fairness**

The Supplier shall conduct business in an ethical manner and commit to the highest standards of integrity. It shall have policies and procedures in place to ensure the compliance with all applicable local trade laws and regulations, including but not limited to applicable “Anti-Corruption and Bribery” laws in the countries where coffee is sourced by Louis Dreyfus Company.

### **A. Corruption and Bribery**

The Supplier shall:

1. under no circumstances benefit directly or indirectly from any bribe, illegal payment or other unlawful incentives. Authorizing, promising, offering or receiving anything of value, including favors, gifts, entertainment – to or from any person or government authority, civil servant or any other third party – public or private – could be seen as an attempt to influence a person’s professional actions or decisions and therefore as a bribe;
2. avoid gifts and entertainment as a means of strengthening business relationships. If unavoidable, the supplier might receive or offer gifts or entertainment only if they are of modest value and aligned with local business practice and laws;
3. establish and maintain an anti-corruption policy and clear procedures, promoting awareness and compliance by workers and business partners, including through training programs.

### **B. Time and Reliable Payment**

The Supplier shall:

1. as much as possible, establish written contracts with its suppliers and, where this is not feasible, provide suppliers with documents that specify the purchasing terms and conditions;



2. pay its suppliers according to the agreed contract, respecting the applicable payment terms;
3. dialogue regularly and annually with its suppliers and promote a transparent negotiation on volumes and prices. Where possible, the supplier should establish contracts with guaranteed price and volume, as well as envisage long-term cooperation.

### **C. Origin and Traceability**

The Supplier shall:

1. know the origin of the coffee and its related products delivered to LDC to enable traceability. The Supplier shall be able to track each individual lot or batch supplied to LDC at least back to its direct supplier and country of origin;
2. establish and ensure a working traceability system, maintain the traceability data for five years and provide the information to LDC upon request;
3. keep certified coffee physically separate from non-certified coffee, ensuring the segregation of products. The physical mixing of certified coffee from two or more different certified sources can occur if the volumes are certified under the same certification scheme. It shall be documented accordingly and include origin information.

### **D. Privacy and Intellectual Property**

The Supplier shall:

1. safeguard the workers' and business partners confidential information and data, and use it in a legal and transparent manner;
2. protect its business partners' intellectual property rights.

## **5. Compliance and Governance**

The Supplier shall establish a governance structure and management system that facilitates compliance with all applicable laws and regulations encompassing the areas covered by this Code of Conduct. It shall commit to continuous improvement with regard to the requirements set down by this Code of Conduct.

### **A. Legal Requirements and Standards**

The Supplier shall:

1. identify and comply with all applicable legal requirements and standards in the country in which it operates and in the various domains covered by this Code of Conduct;
2. if this Code of Conduct establishes a higher standard than required by applicable laws and regulations, the Supplier shall align with the principles contained in this Code of Conduct.

### **B. System and Documentation**

The Supplier shall:

1. establish and maintain adapted policies, processes and procedures to manage and monitor conformance to this Code of Conduct;
2. keep the necessary documentation and records to demonstrate conformance to the requirements set forth in this Code of Conduct.

### **C. Communication and Confidential Reporting**

The Supplier shall:

1. ensure that its employees and business partners concerned by this Code of Conduct are fully aware and knowledgeable of its provisions;
2. inform and communicate the policies, processes and procedures to its employees and business partners to ensure their understanding and conformance with this Code of Conduct;
3. provide confidential channels through which its employees and business partners can report potential concerns or violations to laws and regulations and/or to this Code of Conduct.

#### **D. Conformance, Transparency and Verification**

The Supplier shall:

1. agree that LDC, or a contracted third-party, verifies conformance to the requirements of this Code of Conduct through questionnaires, on-site audits or other verification mechanisms. The Supplier shall allow complete access to its facilities, records as well as confidential interviews with employees;
2. when a non-conformance with this Code of Conduct is identified, describe the proposed corrective measures in writing, and agree with LDC on its implementation timeline;
3. voluntarily report to LDC any violation to laws, regulations and to this Code of Conduct to the LDC contact person or confidentially via the externally-managed [EthicsPoint platform](#).

## **Agreement With LDC's Code of Conduct for Coffee Suppliers**

As a Supplier to Louis Dreyfus Company, we engage to work together with LDC on continuous improvement of sustainability systems covering the areas encompassed by this Code of Conduct. We will support the Code of Conduct by committing to meeting the principles and expectations for responsible practices set forth in this Code of Conduct. We hereby acknowledge the LDC Code of Conduct for Coffee Suppliers.

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*Date and place*

*Supplier*

*Supplier signature*

*Authorised signatory name*

*Stamp*