

BARILLA SUSTAINABLE AGRICULTURE CODE

April 2018

1. Introduction: Good for You, Good for the Planet: our Purpose

Barilla strives every day to **bring to the world joyful, wholesome and honest food inspired by the Italian lifestyle and the Mediterranean Diet**. Only by complying with a unique way of doing business: “Good for You, Good for the Planet” (GYGP). This means that Barilla is committed to producing and delivering its products to people, promoting – at the same time – healthy and joyful food habits and constantly reducing its impact on the environment. This commitment is not being done only by the women and men who work for the Group, but through open, transparent and caring partnerships with the communities in which Barilla operates today and intend to expand on tomorrow.

This is a strong identity that expresses the company’s contribution to the sustainable development of the community and the Planet, in line with the **2030 Global Agenda of the United Nations** and it is an expression of its scrupulous attention to the quality of products and processes.

The Sustainable Life Cycle of products, furthermore, is fundamental for us. It means **guaranteeing a life cycle that is respectful, from an economic, social and environmental standpoint from field to fork**.

Since ever Barilla establishes direct business long lasting relations with suppliers of raw materials, based on dialogue and transparency. Barilla establishes, among other things, clear requirements concerning the excellent quality of raw materials and the strict observance of the principles of ethics and sustainability. The fundamental parameters we apply in selecting our agricultural raw materials are excellence in quality and respect for human rights and the environment.

Our commitment to a sustainable supply of raw materials has been defined in this Barilla **Sustainable Agriculture Code**.

2. The Sustainable Agriculture Code and Barilla Sustainable Farming

Considering the principles of Good for you Good for the planet, Barilla is setting a Code that describes the practices that Barilla is putting in place with its suppliers of all the Strategic Raw Materials.

Barilla **Sustainable Agriculture Code (SAC)** is our definition of **Sustainable Agriculture** and Sustainable relationship between Barilla and its Suppliers.

Barilla Sustainable Farming (BSF) is the umbrella under which all the projects are set in order to apply the Barilla Sustainable Code to the purchasing of all the strategic Raw Materials. BSF promotes more efficient cropping systems in order to obtain safe and high quality agricultural products protecting and improving the environment and the social and economic conditions of farmers.

These practices can be pursued thanks to “Barilla Rules and Tools” but also thanks to existing ones to avoid complexity along the Supply Chain and in particular for farmers.

Strategic Raw Materials: Durum Wheat and Semolina, Common Wheat and Flour, Rye and Rye Flour, Tomato products, Vegetable Oils, Eggs. Accounting for more than 80% of the total volumes of Raw Materials bought by the company.

This Code establishes a way to work applicable to “business to business” relations, in conformity with the Barilla Code of Ethics, which may also be found at www.barilla.com.

Barilla Code of Sustainable agriculture is based on the following principles:

1. Pursue Efficiency and Competitiveness of the Production System
2. Business Integrity & application of Barilla Ethical code
3. Strive for Quality and food safety
4. Reduce the impact on the Environment
5. Believe in listening and collaboration for continuous improvement

Any **non-compliance** must be temporary and addressed in a development plan or agreed as an exception by Barilla.

1) PURSUE EFFICIENCY AND COMPETITIVENESS OF THE PRODUCTION SYSTEM

Barilla firmly believes that the efficiency in agriculture is the essential starting point in the development of a sustainable supply chain. This ensures competitiveness to all players in the sector, while improving the social, environmental and economic impacts.

Barilla constantly monitors its supply chains of interest, analyzing and deepening the characteristics and issues in order to generate advantages to the supply chain players, as for the following principles. To do that, Barilla develops innovative tools for its agricultural suppliers focusing attention on the optimization and improvement of these three main pillars:

- **Environment:** the objective is to develop a deeper consciousness on the competitive advantage that can be obtained through the application of less impactful actions. Barilla’s tools (such as Handbook for the Durum Wheat Cultivation and granoduro.net[®]) work on the

reduction/optimization of agricultural input application ensuring better results, improving the value of the production and reducing the total footprint of the agricultural side.

- **Social:** through the application of developed systems and the constant training offered to the farmers, Barilla works on waste reduction issue, quality improvement for a product valorization, food safety issues.
- **Economy:** through an innovative approach, Barilla wants to create value for all the supply chain suppliers. For this pillar the objectives of the utilization of the tools are:
 - Optimization of the inputs;
 - Waste reduction;
 - Better production valorization (Quantity and Quality);
 - Cost reduction for farmers.

2) BUSINESS INTEGRITY

Barilla Code of Ethics defines the framework and the tools to act in Business with Integrity. For more information, visit “ABOUT US” section on www.barillagroup.com.

All of Barilla’s relations with stakeholders are carried out, at all levels, with fairness, integrity, loyalty and mutual respect, in the belief that a clear, transparent and timely dialogue constitutes a fundamental asset for the Company.

The Code of Ethics is binding for each and every Barilla employee, external collaborator, consultant, supplier and customer; each of them shall explicitly accept and respect the Code. Furthermore, suppliers are required to always act in a manner consistent with the general principles of the Code, in order to pursue an ethically responsible manufacturing model.

Contracts and work assignments shall be performed according to that established by the parties. In order to ensure proper and fair management of contractual relations, Barilla refrains from taking any advantage of its dominant position, with regard to contractors; furthermore, Barilla commits itself in providing accurate and exhaustive information to each employee and third parties involved in the above-mentioned contracts.

Barilla favors **long-term contracts**, where possible, to help ensure a more stable income for farmers in order to plan a sustainable crops in term of quality, food safety and environmental impacts. In particular, in relations to farmers, Barilla:

- provides, where necessary and/or possible, training and assistance to guarantee better quality, food safety and lower environmental impacts of agricultural products;

- supports a transparent price policy, giving farmers a clear price or pricing mechanism in order to better plan their activity;
- strives for quality which encourages farmers to reach and maintain high quality standards.

WRITTEN AGREEMENT

Any agreement between trading partners should be recorded in writing and there should be no distinction between formal and informal arrangements. Written agreements should detail all points agreed, from general sales terms and conditions to arrangements for joint activities, agreement review and procedures for the suspension or cessation of the trading relationship. Any written agreement should be in conformity to applicable law, should refer to Barilla Code of Ethics and all parties should sign it.

AUDIT AND TERMINATION OF AGREEMENTS

Barilla Group reserves the right to verify the supplier's compliance with this Code. Barilla Group will not engage in commercial relationships with suppliers who do not accept the conditions of this Code. In case Barilla Group becomes aware of any actions or conditions not in compliance with this Code, it could demand corrective measures and reserves the right to terminate the commercial agreement.

INSPECTIONS

Barilla has the right to conduct unannounced inspections of suppliers and their business practices along the sourcing chain. Each supplier is also responsible of monitoring the factories of their subcontractors used in production for Barilla. In case of non-compliance, Barilla will demand corrective measures and reserves the right to terminate any agreement.

3) QUALITY AND FOOD SAFETY

Excellent quality and food safety of Barilla products is our mission.

in relation to the specific sector in which Barilla operates, "**providing Quality**" has the fundamental objective of providing safe, excellent-tasting products that contribute towards a nutritionally balanced diet.

Barilla is also committed to **following the evolution** of food Quality and Safety themes in order to be able to anticipate new developments and take advantage of further opportunities to improve quality. A **prerequisite** of any food product is the guarantee of safety for the health of the people that consume it. For this reason it is indispensable, during the design stage, to develop products that are intrinsically safe and to systematically ensure protection against contamination risks arising from raw materials, packaging materials, manufacturing and distribution systems and processes (**from farm to fork**). In the event that Research is not able to provide exhaustive responses to certain types of risks, because they are not yet fully known, Barilla adopts the principle of "**precaution**".

The ingredients must comply with applicable legislation and must not constitute a risk for the products. To this end it is essential to perform a risk assessment of each supply chain to favor those that present the lowest risk.

Ingredients must be supplied by approved, certified, checked and periodically evaluated suppliers.

Barilla pursues a policy of effective integration with suppliers, based on a clear and transparent relationship, with the aim of satisfying its requirements of reliability and guarantee of supply. With regards to its **suppliers**, Barilla is committed to:

- Stimulating them to implement actions to improve process management in order to achieve excellence;
- Motivating them by channeling their knowledge and entrepreneurship to pursue technological innovation and cost optimization;
- Informing them of Barilla's requirements and specific requests in a clear and transparent manner and providing feedback on the criteria and evaluation of their supply and reliability.

For all the procedures and policies visit “**WHAT WE DO**” section on www.barillagroup.com

4) ENVIRONMENT AND CONTINUOUS IMPROVEMENT

Our one way of doing business is founded on caring for the present and future wellbeing of the People, the Planet and the Company in everything we do, from field to consumption; while encouraging open, transparent and caring partnerships with the communities in which we operate.

Barilla requires suppliers, trade partners, commercial agents, subcontractors, vendors and all the other players **to fully respect the environment and to ensure compliance with all applicable laws and regulations at local and international level in the manufacturing and delivering countries.**

For the strategic supply chain where this code is mandatory to be applied, Barilla requires, whenever possible, all participants throughout the supply chain to adopt and respect the following principles:

- **Good farming and agricultural practices:** “the application of available knowledge to the utilization of the natural resources in a sustainable way for the production of safe, healthy food and non-food agricultural products, in a humane manner while achieving economic viability and social stability” (FAO, Good Agricultural Practices, June 2002).
- **Agricultural and rural development:** Barilla encourages the application of good farming and agricultural practices and the use of specific tools in order to improve the efficiency of the Agricultural phase. This improves the competitiveness of farmers thanks to improvements such as yields and revenues increase. Examples of this are the “Handbook for Sustainable Cultivation of Quality Durum Wheat” and the DSS “granoduro.net”.

- **Management of agricultural inputs:** soil fertility can be restored using commercial fertilizer and plants can be protected against biotic stress with specific pesticides; however good farming and agricultural practices managements, including favorable crop rotations, help to reduce the use of fertilizers and pesticides. This reduces farmers cost while lowering environmental impacts.
- **Soil respect and soil quality improvement:** protecting and conserving soil and water for future generations and future crops using the proper and low impact techniques. Tillage and erosion remove nutrients and reduce the organic matter from the soil that are essential for growing any crop.
- **Water conservation programs:** wherever the crops have a relevant impact on water availability (e.g.: cultivation of Durum Wheat through irrigation systems), Barilla participates to **research and technological innovation projects**, in collaboration with universities, research institutes and other private companies, in order to develop systems to improve the efficiency of the irrigation to decrease the intake of water. Main focus is on blue water.
- **Biodiversity:** support the favourable rotations between crops to reduce the monoculture and to keep high the biodiversity in the soil. Invest in developing new varieties suitable to each cropping area.
- **Losses:** Barilla recognize that losses are often due to lack for farmers of clear standards, practises and contracts. So Barilla supports the adoption of good farming and agricultural practices and the use of specific tools in order to match Barilla needs and avoid losses of Raw Materials. Use of clear quality and food safety standard and planting contracts, wherever is possible, stimulating and support the adoption of precision farming.
- **Fully protecting animals and respect of animal welfare:** Barilla acknowledges animals as sentient beings and recognizes that Animal Welfare encompasses both the physical and mental wellbeing of animals as well as their ability to express species-specific behaviors. Appropriate housing and management of farm animals should respect the animals' needs, according to the following Five Freedoms:
 - Freedom from hunger and thirst;
 - Freedom from discomfort;
 - Freedom from pain, injury and disease;
 - Freedom to express normal behavior;
 - Freedom from fear and distress.

BSF rely on **LCA** methodology is the official tool to measure the footprints of the different production systems and it is used to identify possible solutions and to measure them.

Product life cycle analyses (LCA), The Life Cycle Assessment (LCA) is an environmental impacts analysis methodology of consecutive and inter-linked stages of a product system, starting from raw material acquisition or generation through natural resources to final disposal.

With a priority list set in base of the volumes purchased per country, Barilla carries on project to improve all these above-mentioned principles. The project in which Barilla is involved and relative

results are fully reported in the annual GYGP report available on the web page www.barillagroup.com

5) BELIEVE IN LISTENING AND COLLABORATION FOR CONTINUOUS IMPROVEMENT

Sustainability of agricultural productions in the long term is a live discipline. Stakeholders of all the sectors (such as Universities, ONGs, Governments, Farmers Associations, Corporations) participate actively to the debate discovering new threats and finding new opportunities and solutions.

For this reasons the GYGP action plan of Barilla is a live plan that every year is nurtured by the public debate, so Barilla Sustainable Farming is based on the sharing of the objectives and issues, in order to obtain a mutual benefit, with the purpose to evolve and grow business relationships.

For the strategic supply chain where this code is mandatory to be applied, Barilla applies the following principles:

- Involvement of a key external partner (mainly Universities);
- Open debate with relevant NGOs;
- Sharing of KH and public availability of data and results (such as Handbook for Durum Wheat Cultivation, publication regarding tools and results);
- Support to farmers in locally adapting general rules;
- Availability of modern and simple tools in order to facilitate D&I process and in particular the inclusion the widest range of suppliers.

All the agreement between trading partners will take advantage of the knowledge and capabilities of each party and all the relevant stakeholders.

Such collaboration is also aim to achieve efficiency in the supply chain and to optimize of production processes in order to create value for consumers.