



**CODE OF ETHICS AND GOOD GOVERNANCE OF THE
COLOMBIAN COFFEE GROWERS FEDERATION**

2016

CHAPTER I

INTRODUCTION AND SCOPE OF APPLICATION

ARTICLE 1. Introduction. In 1927 the Colombian coffee producers met to create an organization that represented them at national and international level. This was how the Colombian Coffee Growers Federation (FNC) was born. The FNC is a private-law, non-profit entity, with legal status recognized by the National Government through executive resolution No. 33 of September 2, 1927 published in the Official Journal No. 20,849 of September 14, 1928. It is a federated, democratic and representative institution, made up of the country's coffee producers that prove such condition with the coffee ID card. In addition, the National Government, since the creation of the coffee parafiscal accounts (1928), and later since the creation of the National Coffee Fund (Decree Law 2078 of 1940), has entered into successive agreements with the FNC for the latter to provide services and manage the parafiscal resources of the National Coffee Fund, committed to doing so with high **transparency, efficiency and effectiveness** standards. This parafiscal account consists of public resources whose main objective is to maximize the income of coffee producers and to promote an efficient, sustainable and globally competitive coffee growing.

According to this, the **mission** of the FNC, without prejudice to what is set forth in the entity's bylaws and strategy, is: ***“To seek the wellbeing of Colombian coffee growers through an effective, federated, democratic and representative organization,”*** and its **vision** is: ***“By 2027 the FNC shall be a prosperous and effective union that works for an empowered coffee grower that makes the best decisions on their economic and social development, always within an environmentally friendly scope.”***

The FNC represents about 550,000 coffee grower families. Its priority is to contribute to profitability and sustainability of coffee growing, the union strengthening and the search for prosperity and wellbeing of coffee producers. Likewise, as administrator of the National Coffee Fund, the FNC develops activities aimed to: (i) do research to

optimize production costs and maximize coffee quality with technologies adjusted to the different regions; (ii) provide the producers with technical continued support through the Extension Service; (iii) market coffee so that growers receive the best price possible for the sale of their coffee, by implementing the purchase guarantee; (iv) advertise and promote Colombian coffee; and (v) execute programs for the benefit of coffee growers, among others.

For developing the activities required to meet its social purpose, manage the National Coffee Fund and provide public goods and services with such resources, the FNC set up an infrastructure specialized in the coffee value chain, creating business units as independent companies and promoting others that combined make up the so-called Coffee Institutions.

Taking this into account, the FNC is aware that the application of principles and values of ethics and principles and good practices of good governance is a fundamental means to **generate trust and legitimacy and build value** for the entity. In addition, this meets the obligation set in Paragraph Second of Clause Seventh of the National Coffee Fund Administration Contract entered into with the National Government on July 7, 2016 that stipulates the adoption of a Code of Ethics and Good Governance that, like this one, includes the ethical principles, values and guidelines stipulated in the said contract.¹

ARTICLE 2. Scope of application. This Code includes all the basic principles and standards that each of the recipients of this document commits to respecting, obeying, living and embracing in the different instances and activities, avoiding any behavior that diverts them from the objectives pursued and assuming the consequences of ignoring or breaching it.

¹ **Clause Seventh. Paragraph Second, National Coffee Fund Administration Contract**, entered into on July 7 between the National Government and the Colombian Coffee Growers Federation: *"The FEDERATION shall issue a Code of Ethics and Good Governance that includes the ethical principles, values, policies and guidelines related to: (i) transparency allowing effective information to union members, coffee farmers, workers and authorities; (ii) governance ensuring a representative and democratic organization in search of coffee growers' profitability and sustainability; (iii) control of management allowing union members, workers and authorities management control, and the Federation, its workers, and management and representation bodies timely and effective accountability, and (iv) ethical principles, understood as the basic beliefs and ethical values on which to build the right way to make internal and external relations as well as the administration and good use of coffee growers' resources; and in general, all those that contribute to improving the management transparency standards as the entity representing the coffee grower union, legally authorized to manage the FUND resources."*

These principles shall be applied every day, in each act or behavior displayed, including the selection and exercise of the nominations and appointments of the members and spokespersons of the representation and management bodies of the different coffee institutions, who will also have the vocation and mandate to ask for the implementation of these minimum standards in the institutions where the interests of coffee growers, the Federation and the National Coffee Fund are represented, and to comply with such principles and mandates.

In addition, the Federation has been raising collective awareness in the federated or union members, workers and stakeholders about the negative impacts of misconduct, social rejection and fight against any form of discrimination or corruption.

This Code of Ethics and Good Governance contains the principles and values that govern the actions and behavior patterns of the Federation, federated members, union representatives, workers and stakeholders as appropriate and applicable. Therefore, this Code shall be an integral part of the Federation bylaws in force and those to be adopted in the future, and it shall be incorporated into the Internal Work Regulations for workers of the Colombian Coffee Growers Federation.

CHAPTER II THE ETHICS

ARTICLE 3. Definition of Ethics: For us, the recipients of this Code, ethics is how we must relate to each other and behave as part of this organization, both professionally and personally, according to our own values and principles allowing us and the Federation to raise the standards in order to be the legitimate representatives and spokespersons of the country's coffee growers.

ARTICLE 4. Ethical framework: The Federation in its different roles, as a private-law union, employer, administrator of the National Coffee Fund resources and any other role allowed by its bylaws and the law, shall have institutional ethics, i.e., it must be accountable to the society, acting coherently with the fundamental principles

and values contained in this code, the laws governing us, and all the rules contained in the bylaws, the National Coffee Fund Administration Contract, the Employment Contract, the Internal Work Regulations, the Industrial Health and Safety Regulations, and the other legal, contractual and regulatory rules applicable.

For the federated members, union representatives and workers, the relations in developing their activities are also delimited by the ethical principles, values and patterns set in this Code. The Federation also seeks collaboration spirit and teamwork to prevail and be reflected in the organizational culture. This Code is also the ethical guide that shall govern the relationships of all contractors, interns, suppliers, customers and the other stakeholders.

ARTICLE 5. Ethical Principles and Values: They are the rules that serve to define behavior, the right way to act, our good manners. They are one of the elements of the organizational culture that determine people's desirable ways to be and act, such as attributes or qualities that enable to build a rewarding coexistence. Our values, which we commit to respecting and pursuing to the highest extent (some of which can be assumed as principles or virtues), are:

- **Transparency:** It means to reveal ourselves with our acts and motivations, without trying to hide or disguise them. We are an entity of open doors and decisions. We are *transparent* when we act, generate trust, and provide clear, timely and correct information, but without disclosing any industrial secrets or sensitive, classified or privileged information.
- **Respect:** At the Federation, both individually and collectively, we promote respect, among the people we interact with, for their physical, mood and moral integrity, for their convictions and beliefs, for the freedom of thought and action, and for dignity and good name, avoiding taking part in actions aimed to disturb these rights. We must also seek respect for the institution and its assets, values and rules.

- **Integrity:** It is the visible behavior that shows us as people who act rightly, i.e., we do everything we consider to be good for us and which does not cause damage to others. It means the Action that makes us reliable because we abide by ethical and moral rules.
- **Search for common good:** At the Federation, we search for common good when we work for coffee growers' wellbeing and the promotion and building of the general interest.
- **Probity:** It means to act in an upright, honorable and honest way.
- **Morality:** It is to behave coherently with the precepts of the moral commonly established and accepted, with the awareness that allows us to know which actions are right and good and which are not.
- **Commitment:** We identify with the entity's goals and purposes, we strive in what we do and we go beyond our duties. We believe in and share the entity's mission, vision and objectives, and in each of our actions we seek to contribute to achieving them and improving the entity's image before the community. We are also *committed* when we manage to meet the strategy and goals we set, when we work effectively, when we properly respond to the requests of coffee growers or our bosses, when we speak well of our entity, when there is clear attitude of service, and when we work for the benefit of coffee growers.
- **Equity:** It means to promote the valuation of people regardless of cultural, social and gender differences.
- **Good faith and loyalty:** It means to act with honesty, faithfulness, honor and true conviction.
- **Responsibility:** At the Federation, we are *responsible* when we assume and fulfill our commitments with diligence and care, when we make decisions

aimed to mitigate the risks that might affect coffee growers and the assets of both the Federation and the National Coffee Fund, when we implement administrative measures that impact workers, or when we develop activities and enter into third-party contracts in an effective and austere manner.

ARTICLE 6. Ethical Guidelines: Understood as the means or models that each of us impose on ourselves and accept to follow for the mere fact of belonging to or working for the Federation and/or the Coffee Institutions, regardless of the position, role or authority level, in such a way that any contrary behavior shall be rejected.

Within the guidelines of this behavior, each person must have the proper guidance, advice and procedure to face anti-ethical situations, trying to solve them in support of ethical compliance. The Federation will have the mechanisms required to detect and solve anti-ethical behaviors.

The Federation defines the following ethical guidelines as part of the mandatory behavior, without prejudice to what is established as a rule in the bylaws, contracts and laws:

A. Conflict of Interests: At the Federation, it is forbidden to act and make decisions when there is a conflict of interests. It is considered that there is a conflict of interests in any situation where the interests of the Federation or any of its entities or branches, or those of the National Coffee Fund, may directly or indirectly collide with the particular interest of any director, worker or contractor.

There is also a conflict in any circumstance that may take away independence, equity or objectivity from the actions of a worker, federated or union member, or union representative of the Federation, and such circumstance may be a detriment to the entity's interest or the general interest.

There may also exist a conflict of interests in the operations involving the National Government and those carried out by the Federation with federated or union members, branches, subsidiaries, subordinated or related companies in Colombia or abroad, managers, or spouses and relatives up to certain degrees. For the conflict to exist, it is not necessary that the interests be opposed; it is enough that they coexist and cloud or interfere with any independent and free decision.

The Federation must have a system allowing, at all levels of the organization and coffee institutions, the identification, disclosure and management of the conflict of interests for the different roles and scenarios in which each person intervenes. The foregoing in order to prevent any action from being done in the presence of a conflict of interests that has not duly been reported, disclosed and managed.

Accordingly, nobody must take part in contracts, negotiations or decisions in which a conflict of interests is present. Therefore, for handling any conflict of interests, a person must:

- Identify the conflict situation.
- Notify the respective collegiate body, committee or immediate boss, in writing or orally, about the conflict of interests, in which case the pertinent written proof shall be left.
- Refrain from intervening or influencing the making of decisions that may affect the Federation, the Coffee Institutions, or the people or entities with which there is a conflict.
- Refrain from having access to or disclosing confidential information that affects the conflict situation or the best interest to be preserved.

Once the conflict of interests occurs and is disclosed, the person concerned shall refrain from taking part in or influencing the respective decision. If the conflict is of such kind and permanence in time, the person concerned shall consider resigning to their appointment to not interfere in the good progress and transparency of the decisions of the institution, committee or collegiate body.

If the decision of the collegiate body implies a particular benefit or interest for a member of the Municipal Committee, the granting of this benefit to such member shall be decided by the Departmental Committee. When it comes to a member of a Departmental Committee, the decision shall be made by the Steering Committee. If it concerns a member of the Steering Committee, the conflict shall be disclosed to the full Committee, and the decision will be made without the presence of the potential beneficiary.

B. Personal influence: The workers and union representatives in each of the scenarios or roles performed on behalf of and for the Federation and Coffee Institutions will refrain from recommending, requesting to take into account or promoting any hiring in which they may have any individual interest of economic, family or professional (etc.) order.

C. Gifts and Attentions: The decisions of the Federation and its managing and deliberative bodies are based on clear, responsible and objective criteria, without being influenced by factors such as gifts, attentions, favors, donations, invitations, travels or payments aimed to obtain any results of individual interest.

Therefore, it is forbidden to the union representatives and the Federation workers to give, offer, ask or accept, directly or indirectly, any gifts, favors, attentions, donations, invitations, travels or payments while developing activities at the Federation that may influence decisions to facilitate any business or operation for an own benefit or that of third parties.

This prohibition does not include:

- Institutional or publicity gifts or invitations that are part of the ordinary business affairs, with a defined commercial purpose and of minimum cost, or attentions whose costs do not surpass a monthly minimum wage in force.

- Invitations to technical training or commercial missions, as long as the Federation or a company of the Coffee Institutions cover the expenses of tickets, transportation and travel allowance.
- Invitations to union activities carried out by the Federation employees and the union representatives.
- Low-value objects, decorations or attentions of promotional nature or those usually given in Christmas, congresses, meetings, committees, commissions and anniversaries of the company offering them. The foregoing as long as their values do not surpass a monthly minimum wage in force.
- Those stated in a general way, as interpreted, by the Ethics Committee, with general character.

In case of any doubt about the convenience to accept any of these exceptions, or their interpretation, the respective collegiate body or committee or immediate boss must be consulted, without the prejudice that these doubts be notified to the Monitoring Committee in order to give instructions of general nature.

In any case, the Entity will provide a space to report any attentions and invitations made or accepted. Such information shall be reported to the Ethics Committee as regards its competence.

D. Resource Management: Resources, particularly public and third-party resources, whether public, private or institutional, must be managed by strictly following the contracting procedures and principles. Accordingly, the Federation and any person who manages these resources must do the proper budgetary and contractual planning to avoid their excessive and inappropriate use. All the goods or assets of the institution (real estate, movables, tangible and intangible, copyrights and intellectual property, mails, work or recreation facilities, endowment, etc.) shall be used by complying not only with the obligations provided in the internal regulations as applicable, but also with high ethical standards and good

management of else's property, taking into account that in any case they are goods at the service of the general interest of coffee growers.

E. Information Management: The Federation respects, keeps and properly protects privacy and any information provided. Likewise, union representatives and workers commit to not disclosing any strategic, privileged or confidential information they have access to because of the functions they perform or are characteristic of their positions.

F. Interpersonal Relations: The Federation promotes a work environment based on values as well as good and harmonic work coexistence in workplaces. In this sense, it recognizes the importance of assertive communication with the people we spend time with and timely resolution of conflicts that arise.

G. Human resource management: Both in the employment contract and in the internal regulations (including work regulations), the Federation will ensure clear rules on ordinary and extraordinary pay, rights and duties, discounts, training, induction, health care, accident prevention, occupational safety, personal development and growth within the organization and right of association, among others.

H. Work Harassment: The Federation promotes a work environment where expressions of violence, discrimination, physical, sexual, psychological, or moral harassment (or of any other kind) are inadmissible, as well as abuse of authority or any other behavior that creates an environment that is intimidating or offensive to personal rights, intimacy, beliefs and convictions of union representatives, workers and collaborators.

In case of a work conflict due to harassment of workers, the Federation has a Workplace Harassment Committee as a formal and preventive mechanism to resolve conflicts within the organization while keeping the principles of

confidentiality, effectiveness and conciliation in conflictive situations. All the foregoing without prejudice to the legal consequences of any of these behaviors.

I. No Discrimination and Equity: The Federation does not tolerate any discriminatory behavior based on gender, race, color, nationality, social origin, age, marital status, sexual orientation, ideology, public opinions, religion or any other personal, physical or social condition of its union representatives and workers. The Federation does not hire minors, nor does it tolerate forced or coercion labor. Processes are equitable and transparent and respect all human and labor rights in search of the skills required for achieving the objectives. The Federation will search for the mechanisms and tools required to promote gender equity.

J. Occupational Safety, Health and Environment: The Federation is committed to keeping the integrity and physical, mental and social wellbeing of its workers as a way of contributing to their holistic and family development. For this purpose, it promotes protection of the environment, occupational health, industrial safety and prevention of work-related risks, with the active participation of workers through self-care and self-management.

In addition, it forbids consumption of tobacco, alcohol and psychoactive drugs at the Federation facilities and while fulfilling union and labor duties. It also promotes a balance between work and leisure time for the latter to be better used for personal and family development.

K. Disqualifications and Incompatibilities: Disqualification is understood as the situation or circumstance that prevent a natural person from taking certain positions or serving certain functions temporarily or permanently because of public, legal and ethical convenience reasons related to prior sanctions or relations affecting the independence to make decisions, e.g., kinship ties or knowledge or former decisions on certain topics.

On the other hand, incompatibility is the moral, legal or convenience impediment or prohibition of a natural person when holding a position or employment, and even after having ended the job.

The rules about disqualifications and incompatibilities are prohibitions motivated for the sake of transparency and general interest, and consequently their regime and application are expressly and strictly established in the bylaws, internal work regulations and National Coffee Fund Administration Contract, and are applicable to all recipients of this Code.

Unless otherwise stated in the bylaws, the Disciplinary Tribunal, as competent body, will be the responsible for solving any case of action in disqualification or incompatibility situation, as well as breaches and ethical faults by federated members and union representatives.

PARAGRAPH. ETHICAL LINE: The Federation will have special service mechanisms, such as the e-mail Buzon.Etica@cafedecolombia.com, to be served by suitable staff and whose information will be analyzed by the Ethics Committee. In addition, the e-mail Buzonetica.Gerente@cafedecolombia.com will be created, to be consulted only by the CEO, who will keep the reserve of the informer's identity, if requested. In this way, any person may feel free to give notice of any illegal or anti-ethical behaviors that may infringe the risk management and control culture. The foregoing without prejudice to other mechanisms that may facilitate the communication with the Federation administration and top management and its internal and external control bodies. In the future, other mechanisms deemed necessary by the Entity might be created to promote ethics and good governance.

CHAPTER III

RIGHTS, DUTIES AND EQUAL TREATMENT

ARTICLE 7. Rights of union or federated members: The Federation, through the different government bodies, recognizes, among others, the following rights of the federated or union members:

- To elect their representatives at the Coffee Grower Committees, according to what is set forth in the Federation bylaws.
- To be elected as members of the Departmental or Municipal Coffee Grower Committees, according to what is set forth in the bylaws.
- To request and receive in a timely manner relevant information for the exercise of their rights and duties.
- To delegate their representation and the granting of the coffee ID card according to provisions of the bylaws or internal regulations of the Federation.
- To have access to the programs carried out by the Federation, according to its policies and requirements.
- To be heard by their union representatives to find the solution to the issues raised or to contribute to the building of results benefiting the coffee-growing families.

ARTICLE 8. Duties of Federated or Union Members: The federated members must abide by the legal and statutory provisions, as well as the policies and directives issued, acting with loyalty and honesty before coffee growers. Before the Federation, they will refrain from taking part in any acts or behaviors that, in a particular manner, might put the interests, values, objectives, good name and legitimacy of the Federation at risk, or might cause the disclosure of any classified information thereof.

ARTICLE 9. Rights of Union Representatives: The following are the rights of the union representatives for serving their positions:

- To have the necessary and relevant information for the proper fulfillment of their duties.
- To be called to the different meetings and sessions, according to that set forth in the bylaws and the regulations issued for such purposes.

- To be provided with guidance by the Federation for the fulfillment of their duties and decision making.

10. Duties of Union Representatives: The union representatives must act in good faith, with loyalty, honesty and diligence. Their actions shall be done in favor of the best interest of the union, taking into account the interests of the federated members. In fulfilling their duties, they must:

- Watch over strict compliance with the legal and statutory provisions.
- Keep and protect the union's commercial and industrial reserve.
- Refrain from improperly using privileged information.
- Give equal treatment to federated members and respect the exercise of their own right to information and inspection.
- Refrain from taking part by themselves or through others, in their own interest or others', in activities that entail unfair competition with the union and/or the Federation and Coffee Institutions or in acts entailing a conflict of interests.
- Give good use to the goods and assets of the Federation and coffee growers.
- Make decisions in accordance with the ethical principles, values and guidelines as provided in this Code.

ARTICLE 11. Rights and Duties of Workers: Workers will have the rights and duties provided in this Code, the respective employment contracts and the Internal Work Regulations. The foregoing without prejudice to that set forth by law.

ARTICLE 12. Equal Treatment: The Federation gives equal treatment to all federated or union members without privileging the interests of any of them over the others'. Therefore, it seeks to ensure that they obtain a response to any petition, concern, complain or request for public information through different tools and institutions created in the bylaws and the law, and, in general, by providing them with all the information that does not have any confidential restriction, legal, statutory or contractual reserve, or is not detrimental to the interests of the Federation.

CHAPTER IV

GOOD GOVERNANCE

ARTICLE 13. Principles of Good Governance: It is the set of practices to manage the entity properly. This Code, as far as good governance is concerned, contains the structure of distribution of rights and duties of all actors, as well as the form of reciprocal relationships. It allows and facilitates mitigation of conflicts of interests and of exposure to mismanagement risks. These principles enable the Federation to project itself in the long term, making it easier for decisions to be made in favor of the collective interest and properly aligning common interests and objectives for the benefit of coffee growers.

The following are the good governance principles that the Federation agrees to privilege, based on the fulfillment and achievement of ethical principles and values:

- Permanent search for efficiency and effectiveness.
- Relevant, transparent and timely communication and information.
- Acting with social responsibility, including respect for the environment.
- Acting with innovative spirit for value creation and projection of the institution in the long term.

ARTICLE 14. Union Structure: The Federation, as a union entity, and in order to achieve a broadly democratic, pluralist and deliberative participation of all the coffee union and the federated or union members, has established in its current bylaws, without prejudice to any change that may be introduced in the future by the National Coffee Growers Congress and/or the law, the following government structure:

- National Coffee Growers Congress.
- National Committee.
- Steering Committee.
- Departmental Coffee Grower Committees.
- Municipal Coffee Grower Committees.

- The other committees, commissions and subcommittees created to facilitate communication and good governance.

ARTICLE 15. Functioning and Purpose of the Union Structure: The functions, sessions, majorities, quorums, calls, and other forms of operation of the union government are set in the bylaws and regulations issued, with the purpose of allowing broad participation of federated or union members and governance of the coffee grower union, by handling the different tensions and looking for the best balance, with high standards of transparency, democracy and adherence to the principles and values provided in this Code, without prejudice to the obligation and obedience of the law.

ARTICLE 16. Benefits of the Union Representatives: The union representatives of the National Committee, Steering Committee and Departmental Committees will receive as sole remuneration for their union work, as fees per regular or special session effectively attended with the right to voice and vote, that to be determined by the National Coffee Growers Congress or the person indicated in the bylaws or regulations, which shall clearly and transparently establish the expenditure policies for travel allowance, transportation, accommodation, etc., as appropriate.

In this sense, they shall refrain from receiving any other remuneration or gift by the Federation or any other institution on account of their services, in order to ensure an independent action, free from any conflict or influence. They shall not receive any other benefit or stipend that is not budgeted and established for all representatives of the same level and functions and previously authorized, as is the case of fees whenever they represent the Federation in boards of directors, commissions or committees.

ARTICLE 17. Top Management and Legal Representation: The administrative management of the Federation is the responsibility of the Top Management, with the structure and functions provided by the bylaws. Currently it is made up of the CEO,

Chief Area Officers, Executive Directors, the Secretary General and the other directors established in the structure.

The designation of the Top Management members takes into account the education, experience, skills, principles and values, following high selection standards previously approved and informed.

The CEO legally represents the Federation and acts as spokesperson before the national and international authorities and third parties, with the power to delegate upon other workers and special representatives.

The CEO must count on the acting officers and representatives established in the bylaws, who must exercise these powers in accordance with the ethical and good governance principles, competences and functions established by the Federation. They shall also account for their management in an effective and timely manner. For such purposes, the entity must set the mechanisms that allow permanent evaluation and feedback, as well as accountability.

ARTICLE 18. Wage Policy: The Steering Committee is responsible for approving the wage and compensation policy for all the positions at the Federation. This policy promotes human development, continuity and wellbeing, and sets compensations according to the skills and responsibilities, seeking a balance between the rights and duties of each worker without any kind of discrimination.

ARTICLE 19. Management by processes and Project management: The Federation, in line with the strategy to create value, increase productivity, and position itself as an entity recognized for its excellence, has become established as an organization focused on innovation and process management. Currently it has achieved, among others, the ISO 9001:2008 (Quality Management), ISO 14001:2004 (Environmental Management), and OHSAS 18001:2007 (Occupational Health and Safety) certifications.

The Coffee Inspections in Santa Marta, Cartagena and Buenaventura, which are branches of the Federation, are also certified in the security control management system BASC (BUSINESS ALLIANCE FOR SECURE COMMERCE) under the BASC Version 4-2012 RMS C-TPAT standard, with the scope of Customs Broker, for the processes of coffee receipt, preparation and document processing for coffee export.

Buencafé Liofilizado, as a food company, in addition to the management system certifications mentioned above, has the following certification standards: IFS (International Food Standard), BRC FOOD (Global Standard for Food Safety), ISO 22000 (Food Safety Management), and HACCP (Hazard Analysis and Critical Control Points).

In addition, the Federation is recognized at domestic and international level as an outstanding entity because of the correct, efficient and effective execution and development of projects; that's why it must meet all the standards that enable it to continue on this path for the benefit of coffee growers and the country in general.

ARTICLE 20. Information Management and Disclosure: The Federation in its different roles, i.e. as private-law union entity, employer, administrator of resources of the National Coffee Fund, sponsor or contributor of other entities, etc., must establish policies, procedures and mechanisms to make information about its functions and fulfillment of institutional principles, objectives and obligations available to stakeholders. It shall also have clear policies on the information it may and must disclose, and that under reserve.

Workers, third parties and union representatives shall strictly abide by the legal and contractual provisions regarding reserved, confidential and privileged information, aware of the legal consequences (criminal, fiscal, disciplinary) that its disclosure, improper use or violation would bring. For such purposes, in the different contracts

or meeting spaces, the Entity shall inform about the restrictions and obligations that each one must stick to according to their activity, and shall obtain from its workers, representatives, etc., the respective commitment.

ARTICLE 21. Communication to federated or union members: Interaction and communication between federated or union members and the Federation take place through the Municipal Committees, Departmental Committees, Steering Committee, National Committee, National Coffee Growers Congress, and their representatives.

For the federated or union members to have easy, quick and timely access to the information generated by the Federation, communication channels such as the web page, social media, press releases, and in-person and virtual events have been provided, as well as communication and education activities carried out by the different teams made up to that effect. The foregoing without prejudice to the Federation's developing other communication channels required to ensure proper compliance with the Ethics and Good Governance principles stated herein.

ARTICLE 22. Information and feedback outlets: To ensure and achieve social control of its management, the Federation communicates, in equal time, mode and place conditions, the technical assistance programs and activities that benefit coffee growers, publishes coffee economic information, informs about union and management activities, and provides coffee growers, stakeholders and the general public with quick and effective access to information. This communication takes place through different channels and media, including the following but not limited to them:

- Web pages: www.federaciondecafeteros.org and www.cafedecolombia.com
- Coffee grower service offices nationwide, where they can make their enquiries directly to the Extension Service.
- The Professor Yarumo program: A radio and TV program that allows coffee producers and other related audiences to be informed about the programs

and technologies developed by the Federation for coffee farmers to achieve efficient, sustainable and competitive coffee farming.

- Twitter account (@fedecafeteros), Intranet and internal channels.
- Information service mechanisms to handle requests and respond to rights of petition, among others.
- Communication networks (radio, press, etc.) that each of the Coffee Grower Committees have built.

CHAPTER V

CONTROL SYSTEMS

ARTICLE 23. Internal Control System: Control must be structured as a system and applied in any activity, area, process or project carried out by the entity. The Federation must have policies, principles, rules, procedures and verification and evaluation mechanisms, established by the Steering Committee and the Top Management, that reasonably ensure the achievement of the entity's strategic objectives, in order to guarantee the efficiency and effectiveness of operations, information reliability, compliance with applicable laws and regulations, and safeguarding of assets.

The Internal Control System is made up of **five** dimensions duly interrelated: control environment; risk identification, assessment and management; control activities; information and communication, and monitoring.

ARTICLE 24. Control Environment: Both the Steering Committee and the Top Management are responsible for the existence of a sound control environment within the Federation that promotes a risk management and control culture for the organization, with clearly established reporting lines. Performance evaluation, customer satisfaction measurement, and supplier contracting and evaluation mechanisms are some ways to create this control environment.

ARTICLE 25. Risk Identification, Assessment and Management: It is the responsibility of each of us to identify and take part in management of risks associated with the activities under our responsibility.

The Steering Committee is responsible for defining the risk management policy, its limits, monitoring, and improvement planning.

The Top Management is responsible for risk management processes to be consistent with the strategy, the risk management policy defined and the maximum limits approved.

ARTICLE 26. Control Activities: Control activities are present throughout the Federation, at all levels and functions. This includes approvals, authorizations, verifications, conciliations, operation performance reviewing, assets security and separation of duties.

For the election, promotion or designation by the Federation – according to provisions in the bylaws – of its representatives in boards, committees, boards of directors of cooperatives and non-profit entities, as appropriate, the Federation must promote and seek to ensure that such collegiate bodies are multidisciplinary and with the powers, knowledge, experience, leadership, moral solvency and independence to exercise such representation.

The Federation must establish the action policy for those who represent it in the different collegiate bodies or entities, so that they properly account for their management and representation.

Regarding its stakeholders, the Federation is committed to transparency and clear rules within a mutually beneficial relation that enables to: (i) ensure transparency in the supply chain and in applying the Money Laundering, Terrorist Financing and Smuggling Risk Management System. (ii) ensure international standards for the security control management system (SGSC in Spanish) in the joint operation. (iii) ensure the compliance with the contractual conditions of the parties, and (iv) promote responsible practices among our contractors.

ARTICLE 27. Information and Communication of the Internal Control System:

The Federation has the policies and mechanisms necessary for informing about and communicating the internal control system to all the related parties.

All the Federation workers must receive clear messages from the Top Management letting them know that the control responsibilities must be effectively assumed, in which each worker must have self-control and understand their own role in the internal control system, and how their individual activities are related to others' work.

ARTICLE 28. Monitoring: The Internal Control System is being permanently monitored through the Top Management's supervision activities.

Independent evaluations and control, according to the resources realized and the roles performed, are carried out by the Internal Audit, Statutory Audit, Office of the Comptroller General of the Republic, and other audits.

Article 29. Internal Audit: Internal audit is considered an independent and objective activity of assurance and advisory developed to add value and improve the Federation operations. It helps the organization meet its objectives, contributing a systematic and disciplinary approach to evaluate and improve the effectiveness of Risk Management, Control and Governance processes.

The Federation, as administrator of the National Coffee Fund and in accordance with the legal and contractual provisions, monitors, through the Internal Audit, the administration, management, investment and accounting of the parafiscal resources of the National Coffee Fund, and verifies the right liquidation, due payment, collection and deposit of the coffee parafiscal contribution and the royalties to be paid to the National Coffee Fund.

ARTICLE 30. Statutory Audit: For auditing its own assets, the Federation has a Statutory Audit, exercised by a private, specialized firm or company that meets the legal requirements and is chosen by a majority of votes at the National Coffee Growers Congress, for two-year periods. The Federation must require the continuous change of the teams periodically assigned by the Statutory Audit in order to guarantee a proper management control.

Without prejudice to what is provided in the bylaws, the election of the Statutory Auditor is made by the National Coffee Growers Congress based on an objective and transparent preselection by the Steering Committee that establishes an eligibility order by experience, service, cost and sectoral knowledge criteria.

If there are qualifications in the Statutory Auditor's report, these and the actions proposed by the Federation to solve the situation must be explained by the president of the Steering Committee to the National Coffee Growers Congress.

The Statutory Auditor must communicate in a timely manner and in writing the material findings to the CEO and the National Coffee Growers Congress as appropriate.

In order to preserve the Statutory Auditor's independence, in addition to the disqualifications and incompatibilities established by the law and bylaws, the Statutory Auditor may not provide the Federation and/or its branches and subsidiaries, directly or through third parties, with other services than Statutory Audit or any related audit. This restriction covers people or entities related to the Statutory Audit firm, including the companies of its group and coffee institutions, as well as companies with broad concurrence of their partners and/or administrators with those of the Statutory Audit firm. The contracts or agreements underway on the date that this Code comes into force may continue being executed without any problem.

The bylaws and the law state that the Statutory Auditor's relatives, i.e. people accredited as natural persons to conduct statutory audit at a firm within the fourth degree of consanguinity, second degree of affinity or first civil degree, spouse or permanent partner, cannot be designated to serve remunerated functions paid by the Entity.

The Federation shall permanently keep the latest Statutory Auditor's report, along with its annexes and details of the relevant findings and qualifications reported, available to the general public on its web page. As part of its public information, the Federation shall disclose the total amount of the Statutory Audit contract as well as the fees paid.

ARTICLE 31. Office of the Comptroller General of the Republic: It is the entity that watches how the Federation manages the resources of the National Coffee Fund through the methods, systems and procedures of fiscal, investment and transfer control provided in the law as well as other state goods and funds administered by the Federation.

How the Federation does management by virtue of contracts with state entities or regarding parafiscal goods is watched by the competent bodies, according to the terms and forms established by laws, contracts and bylaws.

ARTICLE 32. Specialized Audits: The Steering Committee and/or the Departmental Committees may ask the CEO the conduction of specialized audits, which in any case must address specific matters and not scientific or technical information, industrial secrets or matters whose confidentiality is protected by intellectual property laws.

The request for a specialized audit must be made in writing to the CEO's office, indicating the reasons why it was requested, the facts and operations to be audited, and the duration. The people to be hired to conduct any specialized audit must be elected by following procedures that assure their objective and independent choice.

The specialized audit results must be firstly reported to the CEO and then to the Steering Committee.

ARTICLE 33. Consolidation of Reports: In its control structure, the Federation must have a mechanism for consolidating reports coming from statutory auditors, auditors, the Office of the Comptroller General of the Republic, and the other controlling bodies for their reviewing and study and in order to propose the pertinent improvement plans.

CHAPTER VI

COMPLIANCE AND MONITORING

ETHICS COMMITTEE

ARTICLE 34. Compliance: The Federation, federated members, union representatives and workers are committed to complying with and enforcing all the provisions set forth in this Code of Ethics and Good Governance, recognizing the value that it adds to the institutional mission, vision and strategy, and to making these good practices part of the culture. Likewise, each will be vigilant about proper compliance, as well as any action or omission that may contradict the principles and values adopted in this Code. Any worker, union representative or interested party who directly or indirectly know about any action that may breach this Code and the principles that inspired it shall promptly report it to the hierarchic boss, the collegiate body or the ethical lines established, who in turn will communicate it to the Ethics Committee for the pertinent action. For such purposes, the institution shall guarantee the mechanisms that assure the confidentiality of reports and investigations that may take place.

ARTICLE 35. Ethics Committee. The follow up, control and monitoring of compliance with this code and the inspiring principles thereof will be the responsibility of an Ethics Committee.

This committee will be made up of six members as follows:

- One representative of the Steering Committee, elected among its members for one-year period.
- One representative of the Departmental Coffee Grower Committees, elected by the National Coffee Growers Congress for a two-year period.
- One representative of the Municipal Committees, elected by the Congress for a two-year period.
- One representative of the Federation workers, designated by the CEO.
- The CEO or its delegate.
- One external and independent member, designated by the Steering Committee.

PARAGRAPH: The CEO shall establish the procedures for the designations and nominations that facilitate the formation of this Committee.

ARTICLE 36.- Functions of the Ethics Committee. In carrying out its activities, the Ethics Committee will fulfill the following functions:

- To promote the dissemination of the Code of Ethics and Good Governance and adequate training on it for the different recipients.
- To advocate for the dissemination and internalization of ethical values, principles and guidelines within the Federation and be the official voice in the interpretation, application and ethical dilemmas that arise.
- To encourage ethical, transparent and efficient conducts and behaviors at all levels of the Federation.
- To establish monitoring and control strategies, in order to verify compliance with the ethical principles and values combined with the commitments acquired in this Code.
- To design and spread the procedure for resolution of disputes raised from the interpretation or application of this Code through suitable and effective mechanisms.
- To advocate for the implementation of the Code to incorporate elements from the vision, mission, objectives and strategies into the human talent of the Federation.
- To dictate its own regulation and operation.

ARTICLE 37. Meetings. The Ethics Committee can meet by call from any of its members. The meetings may be face-to-face or online by videoconferences, teleconferences, or any other technological system. The decisions will be made by a majority of its members. The definitive absence of any of them shall be made up for by the Steering Committee, except that of the workers' representative. The Ethics Committee shall meet at least twice a year at the place agreed.

CHAPTER VII

VALIDITY

ARTICLE 38. Validity: This Code of Ethics and Good Governance comes into force from its approval by the NATIONAL COFFEE GROWERS CONGRESS.

The policies, guidelines or agreements concerning ethics and good governance approved or to be approved by the National Coffee Growers Congress or the Steering Committee, as well as the different regulations issued in development or as complement thereof, shall be automatically incorporated and modified in this Code.

The CEO, prior opinion from the Ethics Committee, is authorized to make the necessary updates and compendiums of the Code of Ethics and Good Governance stemmed from the above, being enough with citing the minutes that approved them.

The Code of Ethics and Good Governance and its amendments, modifications or additions will be published in a timely manner on the Federation web page.

AGREEMENT OF COMPLIANCE WITH THE CODE OF ETHICS AND GOOD GOVERNANCE

I _____ , identified with ID card _____,

in my capacity of _____,

state that I have received, read and been duly informed about the content of this Code, and I commit and give my word of honor to following and strictly complying with the principles and rules herein, as well as to abiding by and respecting the consequences derived from the ignorance thereof.

SIGNATURE

ID card

Date