
VAN HOUTTE INC.

CODE OF BUSINESS CONDUCT



January 2007



Dear Fellow Employees,

Van Houtte Inc. is the most integrated gourmet coffee roaster and distributor in North America. The Company's roots date back to 1919, when Albert-Louis Van Houtte launched an imported coffee and fine grocery store in Montreal. From that day, we have recognized that you, our employees, are critical to our continued success. With your help, Van Houtte has now become the best-selling coffee in all Canadian regions and is quickly growing in the U.S.A. How we conduct our business and how we treat others – our fellow employees, customers, communities, suppliers and shareholders – will continue to determine how the world views Van Houtte.

As Van Houtte moves forward, each of us is personally responsible for supporting our core values and principles. We have issued the Code of Business Conduct to restate Van Houtte's longstanding commitment to respect the law and to act appropriately in all situations. The Code of Business Conduct is part of Van Houtte efforts to provide guidance to our employees.

As Van Houtte continues to grow, the Code of Business Conduct will help to ensure that our original commitment and principles continue to be reflected in each of Van Houtte's business activities.

Please review this Code of Business Conduct and make sure that you understand each element. If you have any questions or comments, we would like to hear from you. At all times, please remember, do the right thing.

Thank you for your support.

Gérard Geoffrion
President & CEO



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Came into force : **31 août 2005**

Important note: *The masculine form is used in this document for easier reading. In addition, the Van Houtte name includes its divisions, such as Van Houtte Coffee Services.*

1. PURPOSE AND APPLICATION OF THE CODE

1.1 Purpose

The purpose of the Code is to strengthen the Company's ethical climate by establishing our responsibility for ethical conduct, by outlining our specific individual and corporate obligations, by providing guidance to recognize and deal with ethical issues, and by establishing mechanisms to report unethical conduct. Every employee of the Company and any of its subsidiaries must be familiar with this Code and understand how it applies to their work. Ethical business conduct at Van Houtte certainly goes beyond compliance. It is equally important for employees to think through the possible impact of their actions on everybody involved with the Company, whether it is our employees, customers, suppliers, business partners or investors.

This Code is intended to help employees and our partners to promote best practices and comply with Van Houtte policies.

Keep in mind that the Code will be adapted to reflect new realities and new legislation. If an employee has questions about a situation, a policy or potential violations, he/she should contact their manager or Human Resources representative. This Code provides guidance for some of the more common situations that may be faced. It is not intended to be all-inclusive. Employees are also encouraged to consult other Van Houtte documents and policies that cover specific subjects in detail.

1.2 Application

Van Houtte expects all employees at all levels of the company, including its officers and managers to comply with this Code.

2. VAN HOUTTE'S PRINCIPLES AND GENERAL BUSINESS TENETS

2.1 Van Houtte's Principles

Employees and officers of Van Houtte, undertake to:

- a. Comply with applicable laws, regulations and Company policies and procedures;
- b. Carry out work duties and conduct business relationships with integrity, honesty and fairness;
- c. Avoid all conflicts of interest;
- d. Foster a work environment which encourages open communication;
- e. Maintain a safe and secure workplace environment;
- f. Sustain a culture in which ethical conduct is recognized, valued and exemplified by all;
- g. Report in good faith any violations or potential violations of the Code; and
- h. Cooperate in internal investigations for a reported violation.

2.2 Van Houtte's General Business Tenets

Respecting the Law, Rules and Regulations

When doing business, employees should always be sure to adhere to the law, rules, regulations and commonly accepted standards of business conduct. Employees should avoid activities that could involve or lead to the involvement of Van Houtte in any unlawful or improper practice.

Business Integrity and Fair Dealing

Van Houtte supports free enterprise and believes in fair competition in an open market. Van Houtte ensures integrity and fairness in all aspects of its business and seeks to deal fairly with its customers, suppliers, partners, competitors and employees. Van Houtte employees should always comply with and promote these values.

3. VAN HOUTTE ETHICS AND COMPLIANCE POLICIES

3.1 Conflicts of Interest

Van Houtte respects employees' right to manage their own affairs and investments. However, every employee must avoid situations where personal interests could conflict with, or even appear to conflict with, the interests of Van Houtte.

Outside Interests

Employees owe their first business allegiance to Van Houtte. Employees must avoid outside business interests that may impair or appear to impair the effective performance of their responsibilities to Van Houtte, either because of excessive demands on time or because the outside business commitment could be inconsistent with obligations to Van Houtte.

Gifts and Entertainment

Employees and family members should not solicit or accept gifts, entertainment, services, favours, personal discounts, and similar gratuities offered as a result of their position with Van Houtte. This does not apply to incidental gifts, customary hospitality, other benefits of nominal value or officially approved corporate rebates. Conversely, only gifts or entertainment of nominal value should be offered. Employees should not accept gifts, entertainment or any other thing from business partners that would appear to influence judgement or create an appearance of a conflict of interest.

Unsolicited business entertainment should be appropriate for the function or services performed for the Company and clearly intended to facilitate business goals. Employees uncertain about whether a situation constitutes a conflict of interest can raise the question with their manager or Human Resources representative.

However, if an employee is the recipient of any incidental gifts, customary hospitality, other benefits of nominal value or officially approved corporate rebates it is customary that he/she will have to send a thank you letter with a copy to his/her manager.

3.2 Disclosure Policy

As a public company, Van Houtte promotes full, fair, accurate, timely and understandable disclosure in all reports and document files, as well as in all other public communications. With the exception of designated spokespersons, all officers and employees should avoid discussing non-public internal company affairs with anyone outside Van Houtte, except for business reasons.

When it comes to information that could affect the market price or value of Van Houtte shares, Van Houtte is committed to ensuring fairness by not disclosing that information to selected individuals, companies, partners or organizations. When material developments do occur, a press release is issued and filed.

Only a designated Van Houtte spokesperson should respond to inquiries from the investment community or the media, unless specifically asked to do so by a designated spokesperson. Any inquires need to be immediately referred to one of the following individuals: the President & Chief Executive Officer, the Executive Vice-President & Chief Financial Officer and the President of Van Houtte USA. For further information, please read the Van Houtte Disclosure Policy. If you have questions, do not hesitate to contact the Van Houtte Legal Affairs Department at 1-800-361-5628.

3.3 Compliance with Insider Trading and Other Legal Requirements

Van Houtte promotes compliance with all laws, rules and regulations applicable to the Company including insider trading requirements.

As a Van Houtte employee, you are expected to comply with all such regulatory and legal requirements.

In particular, trading Van Houtte shares, either directly or indirectly, or any securities based on confidential information before it is known to the general public, is strictly forbidden by law. In order to avoid even the appearance of possible impropriety, employees are required to comply with Van Houtte's Insider Trading Policy. In addition to legal liability, it is also important for Van Houtte's credibility in capital markets that this policy be strictly adhered to. For further information, please read the Van Houtte Insider Trading Policy. Employees with questions should contact the Van Houtte Legal Affairs Department or the Office of the Executive Vice-President and Chief Financial Officer of the Company at 1-800-361-5628.

3.4 Confidentiality and Protection of Personal Information

During the course of employment, employees may have access to confidential information or be aware of a fact or event that could significantly affect the market price or value of Van Houtte shares. Any unauthorized release of confidential information can directly harm Van Houtte through loss of competitive advantage, by damaging relationships with customers or by harming employees.

Confidential information is any form of information or knowledge that has been developed, acquired or controlled by Van Houtte that the Company wishes safeguarded from public disclosure. Confidential information may also have come from a third party in trust to Van Houtte as part of a non-disclosure agreement.

Financial records, business plans, personal employee data, sales and marketing information, customer and supplier information, company legal matters and technical data may all be considered confidential information.

Using this information for purposes other than furthering the Company's best interests is not only unethical, it may be illegal if it involves the disclosure of non-public information. Using any confidential or privileged non-public information about the Company for personal purposes, or failing to safeguard such information, is strictly prohibited.

In particular, employees are required to treat all personal information collected, used or disclosed at or by Van Houtte in accordance with applicable legislation.

3.5 Intellectual Property

Intellectual property refers to patents, copyrights, trademarks, trade secrets and industrial designs of Van Houtte. In the course of their duties, employees may develop or create new designs, inventions, systems or processes, products or documents. When these achievements have been made as a direct result of an employee's employment with the Company and through the use of Van Houtte's resources, they belong to Van Houtte. Moreover, Van Houtte is free to use this work as it so wishes and employees cannot use nor divulge, publish or otherwise disseminate it without prior written consent from Van Houtte.

4. COMPETITION

To achieve a sustained and enduring competitive advantage, Van Houtte and its employees must ensure that our reputation for quality, service and integrity remains unimpeachable. The best way to maintain our reputation, and strengthen our competitive advantage, is to compete fairly and vigorously while complying fully with our legal and ethical obligations. Fair competition means that we respect our business partners, competitors, agents and others.

4.1 Obtaining Information about our Competitors

We have every right to gather information about the marketplace in which we operate. This includes information about our competitors, their products and services, technology, prices, advertising, and so on. This information must be obtained through legal and ethical channels. Acting otherwise is against the law and may result in prosecution.

4.2 Competition and Antitrust

It is Van Houtte's policy to comply fully with antitrust and competition laws and trade regulations. The purpose of these laws is to preserve fair, honest and vigorous competition. The Competition Act (Canada) or corresponding provisions of foreign legislation in matters of competition prohibit certain arrangements or agreements with competitors concerning price-fixing or arranged market segmentation or monopolistic behaviour that aims to reduce competition. It is the responsibility of each manager to comply with all competition laws as they apply to Van Houtte.

Should a question or doubt arise with respect to competition-sensitive issues, they must immediately be brought to the attention of the Executive Vice-President and Chief Financial Officer.

5. USE OF VAN HOUTTE RESOURCES

Employees are required to safeguard all resources of the Company and ensure their appropriate use for legitimate business purposes. Safeguarding includes protection against unauthorized or inappropriate access, use or destruction as well as protection from theft.

Unless otherwise prohibited, reasonable incidental use of the Company's telephones, cellular phones, computers, electronic mail systems or Internet is allowed. Employees are required to reimburse the Company for all personal long-distance calls.

5.1 Funds

Employees must properly use and protect Company cash, cheques, postage, etc., and ensure that all expense reports, invoices are accurate and properly authorized and provide receipts and/or explanations for all expenses incurred on behalf of the Company.

Employees must charge all transactions to the appropriate accounts (G/L accounts). Employees may only use the authorized corporate credit cards, charge cards and gasoline cards for business purposes. In addition, whenever possible, employees should use the services of business partners with whom the Company has negotiated agreements (for example, travel agents, car-rental agencies, taxi companies, hotels, etc.).

5.2 Information Technology

Computers and computer networks have become an essential feature of our workplace. Employees have to work together to prevent disruptions, overload and misuse of these resources and services. Use of e-mail or the Internet to access material that contains defamatory, libellous, slanderous or disruptive statements, sexual comments or images is prohibited. This applies to comments or images that are discriminatory on the basis of race, colour, religious beliefs, sex, sexual orientation, age, national origin, marital status and disability.

Van Houtte reserves that right to inspect, monitor or disclose electronic communications in all circumstances. Employees should familiarize themselves and adhere with the Van Houtte Use of Information Technology Policy. Employees with questions should contact their Human Resources representative.

6. EMPLOYMENT ENVIRONMENT BASED ON TRUST AND RESPECT

Nothing is more basic to ethical behaviour than trust and respect. A work environment that encourages and values trust and respect also makes good business sense: it enables us to build and cultivate more meaningful, richer relationships with fellow employees, business partners and shareholders.

The Company is committed to fostering a workplace which:

- a. Recognizes the intrinsic dignity and worth of all employees;
- b. Values, encourages and leverages the diversity of all employees, business partners and shareholders;
- c. Enables all employees to work without fear of intimidation, discrimination, harassment or violence;
- d. Encourages open and honest communication;
- e. Makes reasonable efforts to accommodate the particular needs of all employees; and
- f. Enables all employees to work safely.

6.1 Equal Opportunity

Van Houtte's greatest strength is its people. The Company seeks to maintain its reputation as an outstanding employer and to ensure high levels of employee motivation and commitment. It is Van Houtte's policy to treat applicants and employees without regard to race, colour, religious creed, sex, sexual orientation, age, national origin, marital status and disability.

6.2 Discrimination or Harassment

All people are to be treated with dignity and respect. Van Houtte provides a work environment that is free from discrimination and any psychological harassment, being it verbal and/or physical. Van Houtte prohibits any discriminatory or harassing conduct which is made a condition of employment, used as a basis for employment decisions, or has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment. Employees who engage in acts of harassment or discrimination whether to an employee or non-employee, are subject to disciplinary action, up to and including termination of employment. An employee being harassed or discriminated against should immediately contact his or her manager or Human Resources representative.

6.3 Occupational Health and Safety

Van Houtte is committed to maintaining a healthy and safe work environment. To this end, employees must:

- Follow all proper health and safety procedures when carrying out jobs;
- Comply with all Company policies, all relevant laws and regulations governing workplace health and safety; and
- Take reasonable care to protect themselves and others who may be affected by their actions or omissions.

Van Houtte regards health and safety as a corporate priority, and will ensure that effective policies and practices are in place to protect the health, safety and well-being of employees, business partners and the public.

6.4 Illegal Drugs and Alcohol

The Company is committed to the health, safety and well-being of its employees, its business partners and the public. As part of this commitment, the Company makes every reasonable effort to minimize risks associated with its operations and to ensure a safe, healthy and productive workplace. These principles apply to all employees, to all locations where the Company conducts business, to all activities on all Company work premises or other work locations during working hours. Employees are expected to act responsibly during Company-related business, social, and recreational events.

Employees are required to be fit at all times to perform all assigned duties. While at work, employees must not be impaired by the use of alcohol, medication, or illicit drugs.

The use, sale, unlawful possession, manufacture or distribution of alcohol and illicit drugs, whether on Company work premises or other work locations, is strictly prohibited.

Van Houtte's Human Resources department can refer employees to professional counsellors who can assist them in resolving a wide range of personal problems.

7. OUR RESPONSIBILITIES

Understanding and complying with this Code of Conduct and underlying Van Houtte policies is every employee's responsibility. Instilling trust, honesty and integrity into our work environment should always be a top priority.

7.1 Employee Responsibilities

Employees are required to comply with the Code and follow all Company policies and procedures. Breaching the Code and violating Company policy or procedure is serious and will result in disciplinary action, up to and including dismissal. It may also result in civil or criminal prosecution.

Employees are required to:

- Perform their jobs and conduct their business affairs ethically, legally and with the utmost integrity;
- Seek advice or help from their manager or Human Resources representative when faced with a difficult ethical situation; and
- Report any violation.

7.2 Managers' Responsibilities

In addition to their responsibilities as employees, officers and managers have a special duty to uphold the Company's reputation for integrity, honesty and ethical conduct. This means:

- Setting an example by complying with the Code at all times;
- Ensuring that all employees have access to the Code, and that they know, understand and comply with its provisions;
- Creating and maintaining a work environment that encourages ethical behaviour;
- Fostering an environment of open communication in which problems may be raised and discussed without fear of reprisal;
- Immediately reporting to the appropriate person or department, any apparent violation of the Code or breach of Company policies; and
- Taking prompt and decisive disciplinary action when it has been proven that the Code has been violated.

7.3 Duty to Report Code Violations

All employees are required to report in good faith, violations of this Code by any Van Houtte employee, customer, supplier, vendor, contractor or partner.

Prompt action on potential problems will allow Van Houtte to correct mistakes (whether inadvertent or resulting from bad judgement), will minimize liabilities to others and, most importantly, will preserve our corporate integrity and our commitment to adopt high standards in all aspects of our business activities.

All inquiries will be handled in the strictest confidence, and no employee will be penalized for inquiring about apparently unethical behaviour or for obtaining guidance on how to handle suspected illegal acts of rule violations. Furthermore, the Company will not allow retaliation for reports made in good faith. To report a violation or potential violation of this Code, employees should follow procedures under paragraph 8.1.

7.4 Impact of Non-Compliance

The matters covered in this Code are of the utmost importance to the Company and are essential to our ability to conduct business in accordance with our stated values. Appropriate disciplinary action will be taken against any employee or individual with whom the Company does business if the person's actions are found to violate the Code. This may include immediate termination of employment or business relationship. Where laws have been violated, the Company will cooperate fully with the appropriate authorities.

8. REPORTING VIOLATIONS

8.1 Reporting Procedures

All employees are encouraged to call to Van Houtte attention any situation in which this Code may be violated. Any employees who has questions about this Code or who needs to report a known or suspected violation of this Code should do one of the following:

Contact Your Manager. Review the matter with your manager immediately. Managers are responsible for determining whether a matter can be handled at their level in order to bring Van Houtte into compliance within an appropriate period of time or whether a matter should be referred to the Legal department.

Contact Human Resources Department. Employees may report any known or suspected violation directly to the Human Resources department.

Contact Legal Department. Even though employees are encouraged to use the above reporting mechanism, employees may report any known or suspected violation directly to the Legal department.