

Communication on Progress (CoP) 2011 for UN Global Compact

Human rights

Principle 1
Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2
Businesses should make sure they are not complicit in human rights abuses

Systems, action and progress

- Respect for human rights and fundamental social standards is enshrined in our Code of Conduct, which is binding for all employees, communicated to every member of staff and is included in our training programme for all employees.
- At Tchibo in Germany, 100% of the workforce is represented in occupational health and safety committees. In Austria, the number of employees is under 100, exempting the company from the legal requirement to form an occupational health and safety committee. Likewise, there are no committees in Switzerland or the Czech Republic. In Hungary, Poland, Turkey, Slovakia and Romania, a health and safety officer has been appointed in compliance with current legal stipulations. Local legal requirements are met in Russia.
- Our Social Code of Conduct (SCoC) has been incorporated into every supplier contract and has been binding for consumer goods suppliers since 2006. The SCoC, based on documents including the core standards set out by the International Labour Organization (ILO), comprises a total of ten principles for securing humane working conditions. Before placing an order with a supplier, we check its compliance with social standards, rechecking by means of regular audits once production is underway.
- We want to achieve long-term, sustainable improvements in working conditions in our production facilities. To this end, we launched the WE (Worldwide Enhancement of Social Quality) training programme in 2007, which brings managers and employees together to draw up solutions for creating fair working conditions. As of the end of 2011, 115 of our strategically important suppliers were on board.
- Our membership in a range of organisations and a series of cooperation projects are enabling Tchibo to work towards the establishment of socially responsible business practices. Tchibo is a member of the following organisations: Common Code for the Coffee Community; Cotton made in Africa, an initiative of the Aid by Trade Foundation; Ethical Trading Initiative; International Coffee Partners; MFA Forum Bangladesh Buyers Group; the Round Table on Codes of Conduct; Social Accountability International (SAI). We work in partnership with the following organisations and institutions: the German Federal Ministry of economic Cooperation and Development (BMZ); German international development organisation Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ); Fairtrade; Rainforest Alliance; UTZ Certified.
- Tchibo is tackling the challenge of providing living wages in the supply chain by means of an integrated approach, at whose heart is cooperation with other stakeholders. For example, Tchibo was actively involved in planning an event by the Round Table on Codes of Conduct that took place in spring 2012, with participants including representatives from the Asia Floor Wage (AFW) campaign. We are working with stakeholders to achieve the goal of international harmonisation of legal regulations under comparable competitive conditions.

Labour standards

Principle 3
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

- In Germany, all shop employees (sales employees and managers) receive benefits in line with the retail collective agreement valid in the respective federal state; all other employees are paid according to Tchibo's own remuneration system. In Austria, 100% of all staff are covered by collective wage agreements. Likewise, the subsidiary representing Tchibo in Romania has internal regulations that cover all employees. At our other international subsidiaries in Switzerland, Russia, Hungary, Poland, Turkey, the Czech Republic and Slovakia, no employees are covered by collective agreements.
- The Tchibo GmbH works council is convened on the basis of the German Works Council Constitution Act (Betriebsverfassungsgesetz, BetrVG) and the German Codetermination Act (Mitbestimmungsgesetz) and consists of 35 members, six of whom are members of the trade union ver.di.
- Employees' right to freedom of association in labour unions and to wage negotiations are enshrined in our Social Code of Conduct, which is binding for all consumer goods suppliers.

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Labour standards (continuation)	Systems, action and progress
<p>Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour</p> <p>Principle 5 Businesses should uphold the effective abolition of child labour</p>	<ul style="list-style-type: none"> • Respect for human rights and fundamental social standards is enshrined in our Code of Conduct, which is binding for all employees, communicated to every member of staff and is included in our training programme for all employees. • Our Social Code of Conduct, which is binding for all consumer goods suppliers, stipulates a ban on forced and child labour. Before placing an order with a supplier, we check its compliance with social standards, rechecking by means of regular audits once production is underway. • We work internationally with partners including the Rainforest Alliance, Fair-trade, UTZ Certified and the organisations behind organic label Bio to promote socially and environmentally responsible coffee cultivation throughout the coffee supply chain. • In 2011, Tchibo launched a pilot project in cooperation with a local NGO in Guatemala offering itinerant workers childcare and education for their children during harvest time on coffee farms. We are working to continue and expand the project.
<p>Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation</p>	<ul style="list-style-type: none"> • Our Code of Conduct, binding for all Tchibo staff, prohibits discrimination on the grounds of race, skin colour, nationality, ethnic origin, gender, faith, convictions, political views, age, disability, sexuality, appearance or any other personal characteristics. In other words, nobody may be set at a disadvantage without a good and genuine reason. • In 2011, 100 % of our national top management team in Austria (as of 30 November 2011) and 50 % in Switzerland were holders of the corresponding citizenship. In Hungary, the proportion was 86 %. In Turkey, Poland, Romania and Slovakia, 100 % of top management were nationals of the country in question. In the Czech Republic, the corresponding figure was 50 %, and in Russia 84 %. • No incidents of discrimination were recorded in financial year 2011.
Environment	
<p>Principle 7 Businesses should support a precautionary approach to environmental challenges</p> <p>Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9 Businesses should encourage the development and diffusion of environmentally-friendly technologies</p>	<ul style="list-style-type: none"> • The proportion of sustainably cultivated coffees in Tchibo's range increased in 2011 from approximately 10 to around 13 % ("sustainable" means certified to standards such as 4C, Fairtrade, Rainforest Alliance Certified™, Bio or UTZ Certified). • 2011 saw the successful conclusion of the project Climate Change Adaptation and Mitigation in the Kenyan Coffee Sector. One of its key results was the addition of a voluntary climate-change component (Climate Code) to the 4C basis standard. • In 2011, Tchibo was involved in sector-specific initiatives such as the SAI Platform, the IDH Coffee Program and the Coffee & Climate initiative; these were aimed at helping coffee farmers cut their emissions of gases harmful to the climate. • In financial year 2011, sustainably cultivated cotton from the Cotton made in Africa project and cotton certified organic according to the Textile Exchange OE 100 standard made up around five per cent of our entire range of cotton products. • All pure wood products in 2011 met the Forest Tracing System standards developed in conjunction with environmental charity WWF, which ensures that no wood from depleted areas or protected varieties are used in our products. Furthermore, our range in 2011 included 39 items certified according to the FSC® (Forest Stewardship Council) standard - an increase of ten items on 2010. In 2011, Tchibo became a member of the WWF's Global Forest & Trade Network (GFTN). • On a comparable basis, transport-related CO₂ emissions fell by approximately 30 % in 2011 on those recorded in the reference year 2006. • We successfully completed the process of switching our sales fleet to low-consumption vehicles in 2011, cutting its average CO₂ emissions to around 127 g/km.

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Environment (continuation)	Systems, action and progress
	<ul style="list-style-type: none"> To the end of optimising the environmental sustainability of other products and processes, we took the decision in 2011 to introduce an overarching system with requirement profiles as part of UmweltPlus, our holistic approach to environmental issues. The next step, to take place in 2012, will be the complete integration of the stipulations of UmweltPlus into Tchibo's quality standards.
Combating corruption	
<p>Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery</p>	<ul style="list-style-type: none"> Part of risk evaluation carried out by maxingvest ag's corporate audit department entails continuous monitoring and auditing of all business units to identify corruption risks. Our Code of Conduct, binding for all Tchibo staff, prohibits corruption and bribery. It is communicated to every member of staff and is included in our training programme for all employees. In 2010, we launched an anonymous whistleblowing hotline for members of staff concerned about the legal, ethical or moral implications of their own or others' business conduct. The hotline reports all violations of legal or ethical principles to the ombudsman's committee. No incidents of corruption were reported to the ombudsman's office in financial year 2011.

You can find detailed information on individual issues in the sections entitled "Responsibility in the coffee supply chain", "Responsibility in the consumer goods supply chain", "Caring for the environment at Tchibo" and "Engagement with society".