



Tchibo Sustainability Report 2012



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UN Global Compact Communication on Progress (CoP) 2012

Tchibo joined the United Nations Global Compact (UNGC) on 18 November 2009, and thus expressly commits to the ten UNGC principles concerning human rights, labour standards, environmental protection and anti-corruption, and their implementation in its business processes. We advocate a credible and sustainable corporate policy. Our CEO, Dr Markus Conrad, confirms this stance in his foreword to Tchibo GmbH's Sustainability Report 2012.

The United Nations Global Compact is an international strategic initiative that has united business, politics, workers' organizations and civil society since its establishment in 2000. If companies commit to aligning their business activities and strategies to ten universally accepted principles in the areas of human rights, labour standards, environmental protection and anti-corruption, the public sector can help to ensure that the development of markets and trade relationships, of technology and finance benefits all economic regions and societies in the course of globalization.

The Global Compact essentially pursues two complementary goals:

- To make the ten principles an integral part of business conduct around the world
- To initiate actions that support the broader objectives of the United Nations, e.g. the Millennium Development Goals (MDGs).



2012 marks the first time that Tchibo is reporting to meet the UNGC Advanced Level, meaning we now go beyond the minimum requirements and provide information on how we comply with the best practices outlined in the 21 'GC Advanced' criteria. The Communication on Progress is based on the Tchibo Sustainability Report 2012. The following table shows our policies and systems, the measures we have taken, and the progress made. The Communication on Progress 2013 will be published the 4th quarter of 2014.

Strategy, governance and engagement		
Criterion 1 Mainstreaming into corporate functions and business units Criterion 2 Value chain implementation	Policies and systems <ul style="list-style-type: none">• Key strategic objective: Tchibo on its way to becoming a 100% sustainable business in accordance with The Management Board resolution of 30 Aug 2011• Integrated system of goals: Key objectives and sub-goals for all fields of action; are an integral element of the personal target-setting of the department staff and their superiors; goal attainment is linked to remuneration of employees at all levels of the hierarchy• Corporate Responsibility department: Coordination with the departments, review of targets/goals and annual reporting to the CEO and the full Board• Integrated Risk management• Binding Code of Conduct (Code of Conduct.pdf) for all Tchibo employees, based on the principles of the International Labour Organisation (ILO)• Binding Code of Conduct (Tchibo Social and Environmental Code of Conduct) for all consumer goods suppliers, based on ILO core labour standards Measures and progress <ul style="list-style-type: none">• Step-by-step progress towards environmentally and socially compatible design of all products and business processes• Stakeholder survey 2012 on the materiality of sustainability-related issues and how far Tchibo has progressed on them• Coffee value chain: Sustainable development of the coffee sector through cooperation with all internationally accredited standards organisations, partners and via our own programmes• Consumer goods value chain: qualification of suppliers as part of our WE programme (Worldwide Enhancement of Social Quality); expansion of the programme: by the end of 2012, 200 production sites were covered; systematic social audits for the selection and inspection of producers• Awards for our Engagement (including DNWE Corporate Ethics Award in 2012, the German government's CSR Award and European CSR Award in 2013)	Links <ul style="list-style-type: none">• Strategic approach (Sustainability management)• Mainstreaming and organisation• Stakeholder management• Risk management• Sustainable development of the coffee sector• Integrated supplier management
Human rights		
Principle 1: Support and respect internationally proclaimed human rights Principle 2: Eliminate any participation in human rights abuses		
Criterion 3 Robust commitments, strategies or policies in the area of human rights Criterion 4 Effective management systems to integrate the human rights principles Criterion 5 Effective monitoring and evaluation systems of human rights integration	Policies and systems <ul style="list-style-type: none">• Binding Code of Conduct for all Tchibo employees, based on the principles of the International Labour Organisation (ILO)• Binding Code of Conduct (Tchibo Social and Environmental Code of Conduct) for all consumer goods suppliers, based on the ILO's core labour standards• Commitment to the most important international agreements (e.g. the accord on fire prevention and building safety for Bangladesh) Measures and progress <ul style="list-style-type: none">• Qualification of suppliers as part of our WE programme; expansion of the programme, by the end of 2012, 200 production sites were covered• Joined the Accord on Fire Prevention and Building Safety for Bangladesh in 2012• Opened an office in Dhaka in 2012 to closely oversee the production sites in Bangladesh• Systematic social audits for selecting and inspecting producers• Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, Group audit, other audits and projects and programmes carried out by Tchibo and its partners• Regular Code of Conduct training for all Tchibo employees• Memberships in initiatives to uphold human rights• Addressing of unresolved challenges such as living wages, e.g. as part of our WE programme and multi-stakeholder initiatives	Links <ul style="list-style-type: none">• Strategic approach (Sustainability management)• Compliance• Risk management• Integrated supplier management• Risk management• Production• Future challenges• Memberships and co-operations
Labour		
Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining Principle 4: Eliminate all forms of forced and compulsory labour Principle 5: Eliminate child labour Principle 6: Eliminate discrimination in respect of employment and occupation		
Criterion 6 Robust commitments, strategies or policies in the area of labour Criterion 7 Effective management systems to integrate the labour principles Criterion 8 Monitoring and evaluation mechanisms for labour principles integration	Policies and systems <ul style="list-style-type: none">• Binding Code of Conduct for all Tchibo employees, based on the principles of the International Labour Organisation (ILO)• Binding Code of Conduct (Tchibo Social and Environmental Code of Conduct) for all consumer goods suppliers, based on the ILO core labour standards• Corporate culture of diversity and equal opportunity• Employee co-determination on the Tchibo GmbH workers council and supervisory board• Transparent job rating system to ensure comparable compensation• Commitment to the most important international agreements Measures and progress <ul style="list-style-type: none">• Establishment and expansion of socially compatible coffee cultivation through own programmes, continued and intensified collaboration with all internationally accredited standards organisations, and involvement in initiatives at regional and national level• Reassignment of the buying strategy in consumer goods: more direct sourcing, fewer production sites, expansion of strategic partnerships• Qualification of suppliers as part of our WE programme; expansion of the programme, by the end of 2012, 200 production sites were covered• Systematic social audits for the selection and inspection of producers• Establishment and expansion of preschool care for children of migrant workers and harvest hands in Guatemala• Regular training of all Tchibo employees on the Code of Conduct• Executive programme 'Tchibo Triathlon +1'• Dialog formats for employees, e.g. intranet forum and Round Table discussions• Share of employees with severe disabilities at Tchibo GmbH during the reporting period: 4.87%• Employee Survey 2012: survey of nearly 4,000 Tchibo GmbH employees in Germany; high response rate of 63%• Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, Group audit, other audits and projects and programmes carried out by Tchibo and its partners• No cases of discrimination during the reporting period	Links <ul style="list-style-type: none">• Strategic approach• Risk management• Sustainable development of the coffee sector• Educational projects in the source countries• Integrated supplier management• Risk management• Corporate culture and values• Diversity and equal opportunity• Memberships and co-operations
Environmental protection		
Principle 7: Support a precautionary approach to environmental challenges Principle 8: Undertake initiatives to promote greater environmental responsibility Principle 9: Encourage the development and diffusion of environmentally friendly technologies		
Criterion 9 Robust commitments, strategies or policies in the area of environmental stewardship Criterion 10 Effective management systems to integrate the environmental principles Criterion 11	Policies and systems <ul style="list-style-type: none">• Binding Code of Conduct (Code of Conduct) for all Tchibo employees, to which environmental guidelines were added in 2010• Appointment of environmental officers for integrating/mainstreaming environmental aspects into the business operations• Annual agreement of environmental targets for managing employees in the departments	Links <ul style="list-style-type: none">• Strategic approach (Environmental protection at sites and during transport)• Climate protection• Transport and shipping• Energy consumption

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Effective monitoring and evaluation mechanisms for environmental stewardship	<ul style="list-style-type: none"> Develop and implement energy management systems (EMS) at the German sites (Head Office, roasting plants, central warehouses) Integrated 'UmweltPlus' concept to continually reduce the environmental impact of our consumer goods <p>Measures and progress</p> <ul style="list-style-type: none"> 30% reduction in CO₂ emissions across the procurement and transport chain between 2008 and 2011 Membership in sector initiatives including the <i>SAI Platform</i>, the <i>Sustainable Coffee Program</i> and the <i>Initiative Coffee & Climate</i>, to reduce CO₂ emissions in coffee cultivation Supply of energy for all German Tchibo sites with 'ok-power' certified electricity from renewable sources only Efforts to further minimise CO₂ emissions in the consumer goods supply chain include co-founding the 'Carbon Performance Improvement Initiative' (CPIi) in 2011 and support for the 'Business Environmental Performance Initiative' (BEPI) since 2012 Joined the 'Better Cotton Initiative' and the 'Biodiversity in Good Company' initiative in 2012 All post and package consignments have been sent using Deutsche Post DHL's 'GoGreen' programme since 2012 Complete conversion of the sales fleet to more fuel-efficient models in 2011; this reduced the average emissions to 124 g CO₂/km (as of: year-end 2012) Energy-saving and resource-conserving measures in the everyday business routine, e.g. switch in lighting technologies at Head Office Build employee awareness at our German sites through specials like Climate Ambassadors, Climate Day and Climate Dish All magazines, catalogues and promotional materials have been printed exclusively on FSC®-certified paper since 2012 Further advancement of UmweltPlus: Definition of product ecology requirements at five stages of development for all product groups; documentation in product profiles, and integration in Tchibo Quality Manual Increased the share of sustainably grown raw coffees (Rainforest Alliance, Fairtrade, UTZ Certified, Bio or 4C) to about 27% in 2012 (2011: 13%) Increased the share of textiles containing responsibly produced cotton (Organic Cotton, Cotton made in Africa) to 12.7 million selling units in 2012 (2011: 8.5 million selling units) Contributed to the shift to renewables by selling 'green' services such as certified green electricity, climate-friendly gas and energy concept houses Won the Sustainability in Logistics Award in 2013 and the 'Green Card for Credible Climate Awareness' in 2012 and 2013 	<ul style="list-style-type: none"> Mobility Local actions Resource conservation Environment and climate Biodiversity Integrated range management: UmweltPlus Sustainable ranges
Anti-corruption		
<i>Principle 10: Work against corruption in all its forms, including extortion and bribery.</i>		
<p>Criterion 12 Robust commitments, strategies or policies in the area of anti-corruption</p> <p>Criterion 13 Effective management systems to integrate the anti-corruption principle</p> <p>Criterion 14 Effective monitoring and evaluation systems for the integration of anti-corruption</p>	<p>Policies and systems</p> <ul style="list-style-type: none"> Binding Code of Conduct (Code of Conduct) for all Tchibo employees, based on the principles of the International Labour Organisation (ILO); includes a clear prohibition of corruption and granting or accepting advantages Binding Code of Conduct (Tchibo Social and Environmental Code of Conduct) for all consumer goods suppliers, based on the ILO core labour standards <p>Measures and progress</p> <ul style="list-style-type: none"> Communication of the Code of Conduct to every staff member and every employee in management; the Code of Conduct is also an integral element of our training and continuing education programme Development of a compliance management system, aligned to the IDW PS 980 standard As part of risk assessment by maxingvest ag's Group auditing department, all business units are continually reviewed for risk of corruption; this review was also carried out in 2012 External review of Group auditing (maxingvest ag) at the end of 2009/beginning of 2010 Anonymous whistleblowing hotline for reporting violations; it forwards any reports to the Ombudsman Council under strict confidentiality In FY 2012, no incidents were reported to the ombudsperson – no employees were dismissed or subjected to disciplinary measures in connection with corruption, nor were any contracts with business partners discontinued due to corruption-related violations During the reporting period, no financial or in-kind contributions were made to political parties, politicians or related institutions. 	<p>Links</p> <ul style="list-style-type: none"> Responsible business conduct Compliance Risk management
Broader UN goals and issues		
<p>Criterion 15 Core business contributions to UN goals and issues</p> <p>Criterion 16 Strategic social investments and philanthropy</p> <p>Criterion 17 Advocacy and public policy engagement</p> <p>Criterion 18 Partnerships and collective action</p>	<p>Policies and systems</p> <ul style="list-style-type: none"> Key strategic objective: 'Tchibo on its way to becoming a 100% sustainable business' in accordance with The Management Board resolution of 30 Aug 2011 Joined the UN Global Compact am 18. November 2009 <p>Measures and progress</p> <ul style="list-style-type: none"> Confirmation of the commitment to sustainable business conduct and to the UN Global Compact by Dr Markus Conrad in the Foreword to the Sustainability Report 2012 Step-by-step progress towards environmentally and socially compatible design of all products and business processes Improvement in the living conditions of people in developing and emerging countries through our own projects and partnerships in the countries where our products originate Participation in activities of the German Global Compact network Participation in conferences, discussion forums and Round Tables Memberships and cooperations with numerous organisations to jointly work on solutions to the challenges associated with our business. 	<p>Links</p> <ul style="list-style-type: none"> CEO-Statement Strategic approach Stakeholdermanagement Educational projects in the source countries Educational projects in the source countries Memberships and co-operations
Corporate sustainability governance and leadership		
<p>Criterion 19 CEO commitment and leadership</p> <p>Criterion 20 Board adoption and supervision</p> <p>Criterion 21 Stakeholder engagement</p>	<p>Policies and systems</p> <ul style="list-style-type: none"> Key strategic objective: 'Tchibo on its way to becoming a 100% sustainable business' in accordance with The Management Board resolution of 30 Aug 2011 Integrated system of goals: Key objectives and sub-goals for all fields of action; are an integral element of the personal target-setting of the department staff and their superiors; goal attainment is linked to remuneration of employees at all levels of the hierarchy Corporate Responsibility department: Coordination with the departments, review of targets/goals and annual reporting to the CEO and the full Board Integrated Risk management Binding Code of Conduct (Code of Conduct) for all Tchibo employees, based on the principles of the International Labour Organisation (ILO) Systematic Stakeholder management in accordance with the requirements of the AccountAbility 1000 (AA1000) standard <p>Measures and progress</p> <ul style="list-style-type: none"> Confirmation of the commitment to sustainable business conduct and to the UN Global Compact by Dr Markus Conrad in the Foreword to the Sustainability Report 2012 Step-by-step progress towards environmentally and socially compatible design of all products and business processes Stakeholder survey 2012 on the materiality of sustainability-related issues and how far Tchibo has progressed on them; incorporation of the results in the company's strategic direction and corresponding measures Employee Survey 2012: Survey of nearly 4,000 Tchibo GmbH employees in Germany; high response rate of 63% Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, Group audit, other audits and projects and programmes carried out by Tchibo and its partners Memberships and cooperations with numerous organisations to jointly work on solutions to the challenges associated with our business. 	<p>Links</p> <ul style="list-style-type: none"> CEO-Statement Strategic approach Mainstreaming and Organisation Stakeholdermanagement Risk management Corporate culture and values Memberships and co-operations