

730 UN Global Compact

UN Global Compact Communication on Progress (CoP) 2014

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 2014.

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 ten principles are based on:

- The Universal Declaration of Human Rights
- The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention on Corruption.

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 2014. The following table shows our policies and systems, the measures we have taken, and the progress made.

Strategy, governance and engagement		
<p>Criterion 1 Mainstreaming into corporate functions and business units</p> <p>Criterion 2 Value chain implementation</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Key strategic objective: ‘Tchibo on its way towards a 100% sustainable business’ • Integrated system of goals comprises key objectives and sub-goals for all fields of action • Corporate Responsibility department: Coordination with the departments, review of targets/goals and annual reporting to the CEO and the full board • Tchibo Social and Environmental Code of Conduct (SCoC) applies to all consumer goods suppliers and partners • Integrated risk management addresses company risks • Sustainable development of the coffee sector through cooperation with all internationally accredited standards organisations, partners and via our own programmes (Tchibo Joint Forces!®) • To guard against supply chain risks, social and environmental requirements are integrated in the purchasing processes • Qualification of consumer goods suppliers as part of our WE programme (Worldwide Enhancement of Social Quality) • Compliance with the SCoC in the Consumer Goods value chain is reviewed as part of our supplier monitoring 	<p>Links</p> <ul style="list-style-type: none"> • [Link: Sustainability management/ Aspiration & Strategy (131)] • [Link: Sustainability management/ Corporate Governance (132)] • [Link: Sustainability management/ Aspiration, Strategy & Management/ Supervision (133)] • [Link: Sustainability management/ Progress 2014 & Goals 2015 (140)] • [Link: Coffee value chain/ Strategy & Management (210)] • [Link: Consumer Goods value chain/ Strategy & Management (310)]
Human rights		
<p>Principle 1: Support and respect internationally proclaimed human rights</p> <p>Principle 2: Eliminate any participation in human rights abuses</p>		
<p>Criterion 3 Robust commitments, strategies or policies in the area of human rights</p> <p>Criterion 4 Effective management systems to integrate the human rights principles</p> <p>Criterion 5 Effective monitoring and evaluation systems of human</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Code of Conduct (CoC) for Tchibo employees and SCoC for consumer goods suppliers and partners are based on the principles of the International Labour Organisation (ILO) • Regular Code of Conduct training for all Tchibo employees • All suppliers receive the Code of Conduct as part of the contract • 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 • Establishment and expansion of socially compatible coffee cultivation through own 	<p>Links</p> <ul style="list-style-type: none"> • [Link: Sustainability management/ Corporate Governance (132)] • [Link: Sustainability management/ Aspiration, Strategy & Management/ Supervision (133)] • [Link: Coffee value chain/ Sustainable development of the coffee sector (220)]

rights integration	<p>programmes, continued and intensified collaboration with all internationally accredited standards organisations, and involvement in initiatives at regional and national level</p> <ul style="list-style-type: none"> • As part of our WE programme we support strategic producers in complying with fundamental human rights • The observance of fundamental human rights by our producers is reviewed as part of our supplier monitoring 	<ul style="list-style-type: none"> • [Link: Coffee value chain/ Education projects in the source countries (230)] • [Link: Consumer Goods value chain/ Responsible business practices (320)] • [Link: Consumer Goods value chain/ Sustainable Supply Chains (340)]
Labour		
<p>Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4: Eliminate all forms of forced and compulsory labour</p> <p>Principle 5: Eliminate child labour</p> <p>Principle 6: Eliminate discrimination in respect of employment and occupation</p>		
<p>Criterion 6 Robust commitments, strategies or policies in the area of labour</p> <p>Criterion 7 Effective management systems to integrate the labour principles</p> <p>Criterion 8 Monitoring and evaluation mechanisms for labour principles integration</p>	<p>Policies and systems and measures</p> <ul style="list-style-type: none"> • Our Code of Conduct (CoC), based on the principles of the International Labour Organisation (ILO), defines the values and mandatory behaviour for the company as a whole as well as for each individual employee and formulates our understanding of fairness, ethical business, culture of diversity and equal opportunities • Regular Code of Conduct training for all Tchibo employees • 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 • We give our employees the opportunity to actively shape Tchibo's development via the statutory codetermination bodies (works council and the Supervisory Board) • The social requirements are based on the core labour standards of the International Labour Organisation (ILO) and the UN Universal Declaration of Human Rights, and refer to the "Base Code" of the Ethical Trading Initiative (ETI) and the SA8000 standard. The SCoC is mandatory for all our suppliers and business partners 	<p>Links</p> <ul style="list-style-type: none"> • [Link: Sustainability management/ Corporate Governance (132)] • [Link: Consumer Goods value chain/ Strategy & Management (310)] • [Link: Consumer Goods value chain/ Responsible business practices (320)] • [Link: Consumer Goods value chain/ Sustainable Supply Chains (340)] • [Link: Employees at Tchibo/ Company culture & values (620)]

	<ul style="list-style-type: none"> • As part of our WE programme, we support strategic producers in achieving the observance of human rights and the lasting improvement of social and environmental conditions at the production sites • Compliance with social and environmental standards will be reviewed in the course of our supplier-monitoring • Together with other well-known brands, factories and retailers, and the international trade union confederation IndustriALL Global Union, we are involved in the ACT (Action, Collaboration, Transformation) Initiative for industry-wide wage negotiations. The aim of this initiative is to introduce a process whereby industry-wide collective bargaining between unions and employer representatives are linked with high production standards and responsible buying practices 	
Environmental protection		
<i>Principle 7: Support a precautionary approach to environmental challenges</i>		
<i>Principle 8: Undertake initiatives to promote greater environmental responsibility</i>		
<i>Principle 9: Encourage the development and diffusion of environmentally friendly technologies</i>		
<p><u>Criterion 9</u> Robust commitments, strategies or policies in the area of environmental stewardship</p> <p><u>Criterion 10</u> Effective management systems to integrate the environmental principles</p> <p><u>Criterion 11</u> Effective monitoring and evaluation mechanisms for environmental stewardship</p>	<p><u>Policies and systems and measures</u></p> <ul style="list-style-type: none"> • Environmental experts, coordinated by the Directorate Corporate Responsibility, manage implementation in the departments • Environmental guidelines were added in 2010 to our CoC • We continuously reduce our CO₂ emissions caused by transportation with the “LOTOS” (“Logistics Towards Sustainability”) programme • Supply of energy for all German Tchibo sites with ok-power certified electricity from renewable sources only • At our roasting plants we have introduced an energy management system in accordance with ISO 50001 • As part of our company-wide fleet strategy, we set annually reduced CO₂ emission limits for newly purchased vehicles • Our Packaging Strategy, developed in early 2015, sums up measures to reduce packaging-related paper and cardboard consumption • Grievances in connection with environmental protection can be reported via the whistleblowing hotline, works council, legal department, group audit, other audits and projects and programmes carried out by Tchibo and its partners 	<p><u>Links</u></p> <ul style="list-style-type: none"> • [Link: Sustainability management/ Corporate Governance (132)] • [Link: Coffee value chain/ Environment & Climate (224)] • [Link: Consumer goods/Ecological Aspects Of Production (342)] • [Link: Environmental protection in our operations/ Strategy & Management (510)] • [Link: Environmental protection in our operations/ Climate Protection (520)] • [Link: Environmental

	<ul style="list-style-type: none"> • In cooperation with initiatives such as Coffee & Climate we help farmers to adapt to the repercussions of climate change • The Tchibo Social and Environmental Code of Conduct (SCoC) defines mandatory environmental requirements that apply to the production of our entire consumer goods assortment • Since 2014 targeted audits of factories are conducted to ensure compliance with standards • As part of our WE programme, we support producers in reducing CO₂ emissions • In 2014 we signed the ambitious Detox Commitment with the aim to exclude hazardous chemicals from the textile supply chain by 2020 	protection in our operations/ Resource Efficiency (530)]
Anti-corruption		
Principle 10: Work against corruption in all its forms, including extortion and bribery.		
<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 and measures</p> <ul style="list-style-type: none"> • CoC includes a clear prohibition of corruption and granting or accepting advantages • The Tchibo Compliance Programme is comprised of various policies that regulate cross-sector and cross-company processes via procedural and organisational instructions • Our managers are regularly trained in the application of our Code of Conduct and are obliged to explain the Code of Conduct to their employees • Anti-corruption training is continuously conducted for employees in relevant departments, such as Procurement and Sales • As part of risk assessment by maxingvest ag's group auditing department, all business units are continually reviewed for risk of corruption • 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 • Any reports are forwarded to the Ombudsmen Council under strict confidentiality • In 2014 no incidents were reported or uncovered in connection with corruption 	<p>Links [Link: Sustainability management/ Corporate Governance (132)]</p>

Broader UN goals and issues		
<p><u>Criterion 15</u> Core business contributions to UN goals and issues</p> <p><u>Criterion 16</u> Strategic social investments and philanthropy</p> <p><u>Criterion 17</u> Advocacy and public policy engagement</p> <p><u>Criterion 18</u> Partnerships and collective action</p>	<p><u>Policies and systems and measures</u></p> <ul style="list-style-type: none"> • Tchibo joined the UN Global Compact on November 18th 2009 • to promote sustainable, yield-increasing farming practices we work with coffee farmers and standards organisations • Tchibo promotes educational projects to help ensure better living conditions for coffee farmers and their families • We have increased the share of validated and certified green coffee process by us to around 35% in 2014 • We approach cross-sector collaboration with relevant stakeholders to address and solve structural challenges • Gradual transition to responsibly-sourced resources and materials for our consumer goods • We work with the Aid by Trade Foundation to promote sustainable cotton farming in sub-Saharan Africa and we support the children of African cotton farmers with educational and career-oriented projects 	<p><u>Links</u></p> <ul style="list-style-type: none"> • [Link: Sustainability management/ Aspiration & Strategy (131)] • [Link: Sustainability management/ Supervision (133)] • [Link: Coffee value chain/ Strategy & Management (210)] • [Link: Coffee value chain/ Education projects in the source countries (230)] • [Link: Consumer Goods value chain/ Strategy & Management (310)] • [Link: Consumer Goods supply chain / Sustainable resources and products (330)] • [Link: Consumer Goods value chain/ Education projects in the source countries (350)] • [Link: Facts & Figures / Commitments & Memberships (750)]
Corporate sustainability governance and leadership		
<p><u>Criterion 19</u> CEO commitment and leadership</p> <p><u>Criterion 20</u> Board adoption and supervision</p> <p><u>Criterion 21</u> Stakeholder engagement</p>	<p><u>Policies and systems and measures</u></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 2014 • Key strategic objective: 'Tchibo on its way towards a 100% sustainable business' • Integrated system of goals comprises key objectives and sub-goals for all fields of action • The management of Tchibo GmbH regularly and promptly informs the Supervisory Board of 	<p><u>Links</u></p> <ul style="list-style-type: none"> • [Link: Sustainability management/ Foreword by Dr Markus Conrad (120)] • [Link: Sustainability management/ Corporate Governance (132)] • [Link: Sustainability

	<p>all matters relevant to the development of the company, its value, and its risk situation</p> <ul style="list-style-type: none"> • The company's strategic direction is coordinated with the Supervisory Board • The Directorate of Corporate Responsibility coordinates company-wide and department-specific stakeholder management • To cope with structural challenges in our value chains, we cooperate with partners in the public and private sectors, in science and academe, and in civil society • 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 	<p>management/ Supervision (133))</p> <ul style="list-style-type: none"> • [Link: Employees at Tchibo/ Company culture & values (620)] • [Link: Facts & Figures / Commitments & Memberships (750)]
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