



# SUS TAIN ABIL ITY 2018



## ABOUT TCHIBO

Founded by Max Herz in 1949, Tchibo has been contributing quality and freshness to the coffee market for the past 70 years. Starting out as a simple coffee shipper, Tchibo has since developed into an international company that now operates in many more business areas. The company has constantly expanded its range of products, services and distribution channels over the years, resulting in the formation of a unique business model. Tchibo operates more than 1,000 shops, over 21,200 concessions (depots) and national online stores in eight countries. The company uses this multi-channel distribution system to offer its customers coffee and the "Cafissimo" and "Qbo" single-serve systems, as well as weekly non-food ranges and services like package holidays and mobile communications.

The family-owned company from Hamburg has won several awards for its sustainable business policies, such as the Business Ethics Award and Logistics Sustainability Award in 2012, and the CSR Award of the Federal Government and European Commission in 2013. Tchibo was recognised as Germany's most sustainable major company in 2016.

## ABOUT THIS REPORT

Tchibo GmbH has published an annual sustainability report since 2008. While our full report is compiled every two years, a condensed sustainability update is published every other year.

We would like to use this sustainability update to inform our stakeholders and interested members of the public about our achievements and shortcomings. We want to share our experiences and look to the future.

This sustainability update for 2018 follows on from our Sustainability Report 2017, which was published online in June 2018. It contains important measures, results and KPIs for Tchibo GmbH from the 2018 financial year (1 January 2018 to 31 December 2018). The Sustainability Report 2017 was prepared according to the internationally recognised guidelines of the Global Reporting Initiative (GRI) and audited by an independent body in line with ISAE 3000 standard. The full report can be accessed at [www.tchibo-nachhaltigkeit.de](http://www.tchibo-nachhaltigkeit.de).

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# TCHIBO IN A YEAR

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We have launched Tchibo Share, our rental platform for baby clothing! ☞ All Tchibo administrative offices have fully switched to recycled printer paper ☞ We celebrated the 10th anniversary of the WE supplier qualification programme by holding a stakeholder workshop in Hamburg ☞ The 4th Detox Progress Report was published ☞ 20,000 bees flew for the conservation of biodiversity at our logistics site in Gallin ☞ Water-related risk analysis was conducted for Tchibo supply chains with the WWF ☞ We have completed our project with Save the Children for the education of coffee farmers' children in Guatemala ☞ Modernisation work has begun at our coffee roasting plant in Hamburg ☞ Tchibo green fashion has been made of recycled materials and sportswear has been produced from ocean plastic ☞ Tchibo has called for an ambitious reduction in CO<sub>2</sub> limits for trucks ☞ We have trialled our deposit system for coffee cups in Munich ☞ Tchibo employees ran their Christmas wish list campaign for children at food banks

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## DEAR READERS

**T**he global production of textiles has more than doubled since the year 2000. Over a hundred billion garments are produced every year, and consumers wear them for less than a year on average. Only around 1% of unwanted textiles are recycled and processed into new goods. This is a worrying development, as it has enormous negative social and environmental impacts for people and the planet. The situation in many coffee-growing regions is no less challenging. The soil is becoming less fertile and climate change is leaving its mark – harvests are in decline. The livelihood of over eleven million smallholders and their families is becoming more vulnerable.

In light of these developments, we cannot and must not continue as we have in the past. Some consumers are starting to making longer use out of their clothes, mending their garments and even renting them. Younger generations are increasingly eager to know where and under what conditions their products and their raw materials have been sourced. They rightly demand transparency and honesty.

As a company operating at a global level, we are aware that Tchibo also carries a share of the responsibility for the problem. Back in 2009, we joined the United Nations Global Compact, a voluntary alliance of companies and organisations that advocate human rights, fair working conditions and environmental protection around the globe. And as a brand at the centre of people's lives, we feel obliged to take action for the sake of future generations and to become part of the solution. One example of our commitment is the WE training programme for factories, which aims to ensure respect for human rights in our supply chains. We have already reached 365,000 workers through WE.

Another example is our endeavour to remove toxic chemicals from our textile supply chain as part of an extensive water protection programme. Through our innovative business model Tchibo share we are looking to preserve raw materials longer in the product cycle. We now offer our customers a rental service for sustainable baby and children's clothing. By purchasing our coffee from certified sources and offering training programmes for coffee farmers and their families, we are supporting them in their transition to more sustainable agricultural practices. Around 30% of our coffee currently comes from sustainable sources, and 35,000 smallholders have benefited from our projects.

We have managed to launch many initiatives over the past twelve years, but our work is far from done. A lot more is needed to find effective solutions for the complex challenges of our time, such as climate change and human rights violations. We need partners to push forward together and consumers to ask critical questions. And in some areas, we also need behavioural changes and regulation to be enforced by businesses, politicians and civil society. Time is pressing and voluntary initiatives are not advancing our cause quickly enough.

We all have to work together to leave behind a decent world for the generations to come.

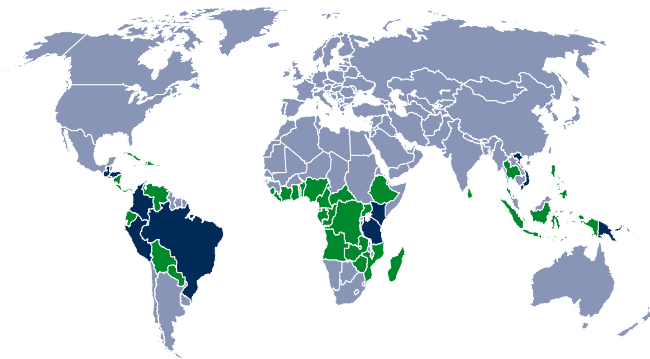
**Warm regards,  
Thomas Linemayr**

# RESULTS 2018

Die wichtigsten Kennzahlen und Maßnahmen auf einen Blick

## 35,000 farmers

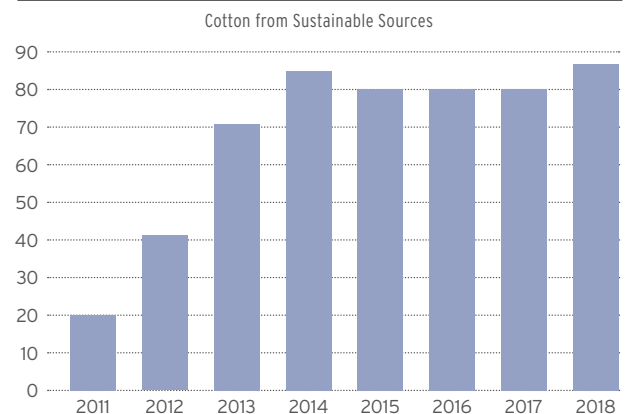
have benefited from our Tchibo Joint Forces!® qualification programme since 2009.



Tchibo is the third largest provider of organic cotton.

## Around 86%

of our textiles were made of sustainable cotton in 2018.\*



\*Organic Cotton, Cotton Made in Africa, GOTS, ECO-LOGIC Cotton.

In 2016, we became a member of the **Organic Cotton Accelerator** initiative (OCA), which is committed to the cultivation and use of organic cotton at sectoral level.



**387 factories** have participated in our WE qualification programme to date.



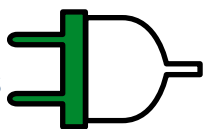
Over **3.5 million** plastic bottles

have been recycled for our textile products.

**97%** of our non-food product packaging is recyclable.

100%

green electricity at all Tchibo sites  
since 2008 (HQ, warehouse, shops  
and roasting plants)



62%

of our products with a wood /  
cellulose component are

**FSC®-certified**

or sourced from regional  
forestry initiatives.



100%

green coffee from  
certified farmers  
is used to make our  
range of premium coffees:  
Tchibo Cafissimo capsules  
and Qbo capsules.

Thanks to our **Detox** programme,  
our textile producers are  
reducing the use of hazardous  
chemicals and improving  
the quality of wastewater.



70%

of all managerial positions  
were filled with internal Tchibo  
talent in 2018.



Tchibo has been a member of the Zero Discharge of Hazardous Chemicals initiative (**ZDHC**) since December 2018.

Over 29 renowned companies from the textile and footwear industry have committed themselves  
to improving the environment and health by removing hazardous chemicals from their production processes.

**Ø ZDHC**  
CONTRIBUTOR



**NANDA BERGSTEIN**, 39, born in Munich, studied International Relations at the Technical University of Dresden and Gender, Development and Globalisation at the London School of Economics. Since 2007, she has held several managerial positions at Tchibo with the mandate of ensuring the company's sustainability development. Jointly with the German Development Organisation GIZ she designed and implemented the WE training programme for factories and played a crucial role in the negotiations for the Accord on Fire and Building Safety in Bangladesh and the establishment of the global ACT on Living Wages initiative. Since 2018, Nanda is the Director Corporate Responsibility.

# "What are waiting for?"

## **Tchibo started its journey towards sustainability in 2005. How is the company shaping up in 2019?**

Ever since we identified a need to change our business practices in 2005, we have invested heavily in the sustainability of our supply chains and products. Over the years, we have found encouragement in the fact that, even as a medium-sized company, we can make important changes to the value chains of coffee and consumer goods for the benefit of people and the environment. When I started working at Tchibo, I helped develop the WE qualification programme and saw how an innovative and bold approach can lead to improvements at factories. And we now need this courage more than ever to find new approaches. No matter how hard we try, modern-day problems are so global, complex and urgent that we all have to make a concerted effort as an international community on a whole new level.

## **What do you see as the greatest challenges?**

The effective protection of the climate, environment and human rights around the world are pressing issues that cannot be postponed any longer. Young people are currently highlighting the urgent need to curb climate change through the Fridays for Future demonstrations. They are afraid – and rightly so – that they may not have a future worth living. With growing environmental destruction, two thirds of the world's population will have no access

to clean water by 2050. The erosion and pollution of soils has already advanced to the extent that only 60 harvests are left on average.

In developing and emerging countries, people manufacture products and farmers grow the beans for our coffee and the cotton for our textiles. This is hard work, and yet it is still difficult for them to sustain their families with their income. This is far from fair.

## **How can we combat these developments?**

We need to step up as international community and address the most pressing challenges together. Our experience shows that collaborative approaches can truly make a difference, but only if we spend less time talking and more time doing. All parties concerned have to work together to combat the problems at the root. We must create the right environment for all members of the supply chain (companies, states and civil society) to discuss issues on an equal level. Everyone has a relevant point of view, and all perspectives need to be considered to develop meaningful and thereby sustainable changes. We have to empower our factory workers, cotton growers and coffee farmers. They need to feel powerful enough to raise their voices, and we need to listen. The greatest challenge to tackle, however, is to create fair competition, if necessary even with regulation. The implementation costs of sustainability have to be evenly distributed and not just passed on to



"We

## An interview with **Nanda Bergstein**, Director of Corporate Responsibility at Tchibo

the factories and farmers or carried by a few brands and retailers as it is the case at present. This is the only way to create a fairer system, where everyone takes over their fair share.

### How is Tchibo engaging in this?

We are looking for partners and launching new cooperative projects, trying out new concepts and - if necessary - venturing into the unknown. We negotiated the Accord on Fire and Building Safety in Bangladesh in 2012 and co-launched the ACT on Living Wages initiative in 2014. We fully revised our coffee strategy in 2018 - partly because we as an industry simply cannot accept the current status on the ground in some of the coffee production countries. In certain areas, smallholders and their families are becoming increasingly poor. We are currently trying to understand what we can do better - and how. Tchibo has worked closely with other organisations to launch the global ACT on Living Wages initiative, which aims to ensure the payment of living wages in the countries where our consumer goods are produced. But even in alliances like this one, the courage and commitment shown by some companies is regrettably not enough to bring about fundamental change at a sector level. Unless more participate, we will not reach our goal of living wages. This is saddening and frustrating, but it will not stop us from continuing our efforts. On the contrary.

### What do you think it will take change to the next level?

We must all be willing to change on a personal, organisational and systemic level. This is painstaking - and sometimes even painful. But what are we waiting for? We have hardly any time left. Business, policy makers and civil society need to join forces and change ways of working and collaborating. We need a legal framework to promote these approaches and ensure that we channel our influence into the implementation credible and, if necessary, collaborative measures which target people and the planet.

*"What can we do better - and how?"*

Competition in the free market is an important asset, but it must not come at the expense of people - and especially not to the detriment of the environment. Overcoming a challenge for humanity of this magnitude must not fail because of individual interests. We have to share our findings and innovations, because this is the only way to really make a difference for the benefit of everyone. We feel a sense of duty in this regard.

# SUSTAINABLE DEVELOPMENT GOALS

Tchibo is contributing to the achievement of global development goals through its measures and programmes:





83€ A MONTH

IS THAT  
*fair?*

↘ *"If not enough companies act voluntarily, there needs to be a legal framework."*

**ACT**

Action  
Collaboration  
Transformation

**ACT** is an agreement between global brands, retailers and trade unions. Its aim is to ensure the payment of living wages for workers in the textile and clothing sector by introducing collective bargaining and appropriate purchasing practices throughout the industry.

**P**ricing pressure and correspondingly low labour costs are still considered the greatest competitive advantage for both buyers and sellers in the globalised textile sector. As a result, hardly any factory workers are paid more than the legal minimum wage – and even this is too low in almost all Asian textile markets. It is not usually enough to look after the whole family, and many salaries have long been hovering around the poverty line. Human rights due diligence has formed a fundamental part of Tchibo's business practices for many years: We want the people who produce our textiles to live well from their work. We have managed to achieve wage increases in some factories through the WE qualification programme, but we are still a long way from making radical improvements. The introduction of fair wages for Asian factory workers is one of the major challenges facing the sustainable development of the textile industry and the key to achieving long-term change. The ACT initiative (Action, Collaboration, Transformation) is the first voluntary commitment with the potential to ensure the payment of living wages.

ACT was founded in 2016 by Tchibo and other textile brands in collaboration with IndustriALL Global Union. We work together to enable collective bargaining between employers and employees in all relevant production countries. Our common goal is to facilitate industry-wide collective agreements between garment manufacturers and trade unions, so that all employers in a particular country are subject to the same conditions for

# WE NEED TO TALK!

## Time for a paradigm shift

When Tchibo hosted its dialogue event in Berlin at the beginning of April, one of the key findings was the clear lack of sustainability changes brought about by the voluntary actions of companies. Thomas Linemayr and Nanda Bergstein discussed the topic of fair wages in the textile industry with German Development Minister Gerd Müller, ACT Managing Director Frank Hoffer, former Foreign Minister Joschka Fischer and other industry experts under the heading "On Fairness in Unfair Times. The End of Sustainability?". The core of the debate revolved around the potential needed for a legal framework to safeguard human rights in global supply chains in case not enough companies act voluntarily. Tchibo has indeed identified the need for such a framework, because the clock is ticking. Living wages are absolutely pivotal for the sustainable improvements in the global textile supply chain, but the voluntary ACT initiative looks set to fail because not enough companies are willing to change their purchasing

practices. "That is why we believe everyone involved in the textile market should be legally obliged to participate in the Cambodia ACT process", said Nanda Bergstein. "The legal framework must create a level playing field for everyone in Germany and the rest of Europe", she added. Frank Hoffer sided with her by demanding more political incentives, such as tax breaks for companies that enable the payment of fair wages.

Gerd Müller pointed out that the economy often demands voluntary action. The minister disputed the belief that complex supply chains cannot be fully accommodated within a sustainable system: "We can make entire supply chains more sustainable". He stated that Tchibo was right to demand minimum standards for the creation of fair conditions for all competing companies. He personally advocates the introduction of a value chain law, but this has so far been met with reservations in the Ministry of Economic Affairs and the Chancellery. Nanda Bergstein believes the textile sector has now reached a breaking point in its collective commitment to sustainability: "If ACT fails, it will be the beginning of the end for sustainability".



the payment of living wages. All ACT members, in turn, agree to include higher labour costs in their purchase prices. We also commit to long-term business relationships with the production countries and our suppliers with collective agreements.

Our initiative is currently being started in Cambodia, where garments account for 75% of overall exports and many ACT members source a great deal of their materials. ACT has managed to persuade the government and employers' association to allow collective bargaining for higher wages. And our member companies have also made a binding commitment: We want to assume higher labour costs for the textiles produced in Cambodia by 2022. If our global order volumes grow, we will also increase the number of orders we place in Cambodia.

## ON THE TABLE: A LEGAL OBLIGATION

If we can make a breakthrough in Cambodia, all textile brands placing orders there will have to stick to the industry-wide collective agreement – not only the ACT member companies, whose orders currently account for around 50% of the local demand. Cambodia is worried that the other 50% might not endorse the industry-wide collective agreement and relocate, which would severely undermine the country's competitiveness. It therefore urgently needs more partners to pledge their commitment to achieving fair wages. And to be honest, the enforcement of the agreement needs to be made binding for all companies.



# Circular ECO

## ONE YEAR TCHIBO SHARE – HIT OR MISS?

**O**ur consumption habits are changing. An increasing amount of consumers and companies are calling for the conservation of resources – without sacrificing comfort. One attractive solution is the introduction of rental platforms for products like technical devices and seasonal goods. Especially clothes worn by babies and children is only required for a short amount of time. This is why Tchibo became the first major trading company to offer an innovative rental service in January 2018. Parents can conveniently hire children's clothing made of ecological materials on [tchibo-share.de](https://tchibo-share.de). Our rental service saves time, money and space. And it is especially sustainable, as it helps to save resources.

### Our aim: closed-loop material cycles

The idea of Tchibo Share is to develop the concept of closed-loop material and product cycles in the textile industry. The closed-loop approach considers the entire life-cycle of a product, from the extraction of raw materials and the creation of the product to its sale, use and

recycling. This concept is founded upon the long life and reusability of products. As part of the Tchibo Share initiative, rejected garments are donated to the Deutsche Kleiderstiftung, a member of the non-profit umbrella organisation FairWertung e.V. Our clothes are then used for charitable purposes or aid projects.

### Hit and miss

The Tchibo Share pilot project is set to continue after a one-year trial period. "We are pleased to see our initiative has been met with lots of appreciation and customer loyalty. The more we expand our assortment, the more clothes are rented by customers", explains Sarah Herms, the circular economy expert at Tchibo.

Sarah Herms



It is also pleasing to note that 90% of our leased garments can be reused. However, fewer orders are placed from size 110 onwards. Sarah Herms: "We are constantly developing our sustainable service to meet our customers' needs, but we need a broad customer base to operate Tchibo Share sustainably in the long term".

### Where do we go from here? Getting the sharing movement rolling

Our assortment will be expanded in 2019 to include children's sportswear and other product groups, such as a range for mothers and products for camping and family holidays. We are convinced that our business model for the renting of everyday items will play an increasingly important role in the conservation of resources and the promotion of sustainable consumption. That is why we are looking to break new ground and get the sharing movement rolling.

**90%**

of our rented garments are reusable.

↘ "On average, every garment that is 'as good as new' is used four times."





# ar NOMY

## PACKAGING - LESS IS MORE

**G**ermany produces almost 18.2 million tons of packaging waste every year, making it the miserable European leader. Retail simply would not function without packaging. Products have to be adequately protected during their long journeys from production sites to the customer. But how much packaging is necessary, and how little is possible? Does it have to be made of plastic, or are there ecologically viable alternatives? Is packaging recyclable?

*"But how much packaging is necessary, and how little is possible?"*

### Our record to date

We are constantly cutting our packaging volumes by using resource-saving packaging formats and reducing grammage. As of next year, we will avoid the use of non-recyclable plastic packaging for our textile products as much as possible (protective outer packaging will still be required for a limited amount of highly delicate materials).

We now use responsibly sourced materials (FSC® paper) for 93% of our printed consumer goods packaging. We have increased the recyclability of our consumer goods packaging to 97%. Tchibo Cafissimo coffee capsules are also fully recyclable, and our company is creating fashion items from waste to make good use of old plastic. We started using recycled plastic to make household aids like dish scrubbers in 2017, and we have been making clothing from old fishing nets, plastic bottles and textile waste since 2018.



*We have also reduced the consumption of materials by using open packaging, which only partially covers products like pans.*



For us, the responsible use of packaging means:

- Constantly reducing our use of materials and promoting reusable solutions
- Using materials from certified, responsible sources
- Constantly developing the recyclability of our packaging

**97 %** of our consumer goods packaging is already recyclable.

We are also conserving resources by reducing the amount of packaging used in our shops: We have introduced reusable cups for our takeaway coffee (with a 10-cent discount on hot drinks). We introduced a charge for our plastic bags two years ago. Johanna von Stechow: "Our customers are increasingly demanding that companies reduce their packaging."



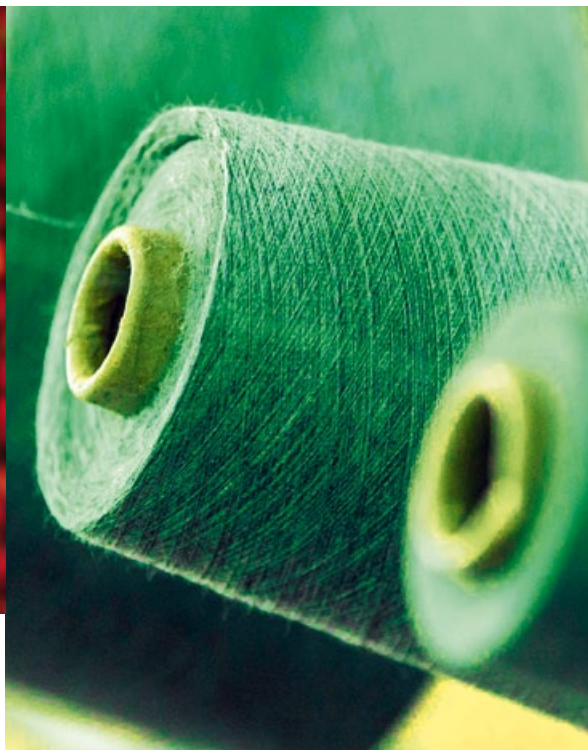
Johanna von Stechow

### Where are we (still) faced with limitations?

When packaging delicate products like vacuum-sealed coffee, we cannot yet avoid the use of various materials to ensure the desired aroma and high product quality for our customers. But we are working hard to develop resource-saving solutions in this area as well.



18 Coffee



28 Consumer Goods



40 Customers and Products

# OUR ROAD TO THE FUTURE: BRAVE, FAIR AND HONEST

Our vision: Shaping a business that cares about people and the planet - every day.



48 Environment

60 Employees

**N**ew approaches cannot be developed from old plans. We need new standards for cooperation, intensive dialogue and shared learning experiences. This is the only way to effectively improve living conditions for people and the environment.

Thirteen years ago, we set out to establish sustainability as an integral part of our business. We have made a lot of progress, but we have also experienced failures and constantly learned new things. In 2018, we used our experiences and insights gained over the past few years to start consistently developing sustainability at Tchibo. We have the clear vision of shaping a business that cares about people and the planet – every day.

To make this vision a reality, our company needs to change its actions even more. That is why we developed a roadmap in 2018 to increase the effectiveness of our activities along the value chains of coffee and consumer goods – for the benefit of people and the environment. We want our customers to join us on our journey towards more consistent sustainability. We want to inspire them with innovative, sustainable and fairly priced products and services, and we want to share our understanding of fairness and honesty with others and show that sustainable consumption is fun. Our employees also

have an important part to play: We will only be able to establish a successful future for our company with their passion, willingness to change and team spirit.

We know that new approaches cannot be developed from old plans. That is why we are mainly pursuing our goals by changing the way we work. We are brave enough to put old processes to the test and try out innovative solutions with dynamic working methods. In the coffee sector, for example, we are looking to shift our focus away from certification initiatives and towards more partnerships and regional approaches. After all, we need more cooperation, dialogue and shared learning experiences to effectively improve living conditions for people and the environment.

Over the following pages, we will look back on – and towards – the following relevant fields of activity for Tchibo: our value chains for *coffee and consumer goods, our customers and products, the environment*, and our *employees*. We will report on our progress made in the search for greater sustainability and share our experiences and insights. And we will be just as transparent when presenting our shortcomings, highlighting the paths we no longer consider effective and describing our future plans.



# Responsible Business

**T**he actions carried out by our family-owned company are determined by our focus on long-term success and the guiding principles of respectable business. We see it as our corporate duty to take responsibility for our actions across our entire global value chains. As a company that benefits from the division of labour in today's globalised world, we have to take responsibility for the impact of our business activities on people and the environment – not only in Germany, but also in other countries and continents.

With this in mind, we established sustainability as an integral part of our business strategy, Tchibo DNA and Code of Conduct in 2006. Our guiding principle has always been the perception of sustainability as a process that we can develop on a daily basis to achieve improvements and ensure long-term economic success. Our objectives are to establish fair working and living conditions for the people in our supply chains, to ensure environmental protection through the use of resource-saving materials and innovative production methods, and to introduce sustainable products and services that meet our consumers' expectations. One way of achieving our goals is through the establishment of a 100% sustainable business, which we have been striving for in recent years. We are consistently developing measures to make a greater impact and drive more extensive change, regardless of the actual percentage

**Unser unternehmerisches Handeln stützt sich auf weltweit anerkannte Standards und Richtlinien, vor allem die Internationale Menschenrechtscharta, die ILO-Erklärung über die grundlegenden Prinzipien und Rechte bei der Arbeit sowie die OECD-Leitsätze für multinationale Unternehmen.**

of sustainability we can realistically achieve in our business. After all, we have discovered that the solutions we develop today might be rendered obsolete by the challenges of tomorrow.

## **The Foundations of our Actions**

Our business activities are based on internationally recognised standards and guidelines, in particular the International Charter of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. We also endorse the United Nations' 2030 Agenda for Sustainable Development, we are a member of the United Nations Global Compact, and we contribute to the achievement of the Sustainable Development Goals (SDGs). Our Declaration of Principles of May 2018 is our explicit commitment to human rights on the basis of the UN Guiding Principles.

Fundamental international conventions and principles are enshrined in the Tchibo Code of Conduct (CoC) and guide the actions of all employees at Tchibo. The CoC also provides a solid basis for us to ensure legally compliant conduct at all levels of our company. The producers of our consumer goods are protected by the requirements for working conditions and environmental standards set out in the Tchibo Social and Environmental Code of Conduct (SCoC).



The pillars of our corporate governance are not only formed by our stringent conformity with legal regulations, our fair trade and honesty, but also our control and mitigation of potential risks and the careful handling of information entrusted to us by our employees and customers. These principles are implemented through efficient corporate structures and procedures that ensure compliance, data protection and risk management.

### Dialogue and Cooperation

We not only provide open and transparent information, but also importantly involve our stakeholders to gauge expectations, find new inspiration and make progress together. Given the global dimension of the challenges, we are convinced that we can only set the right course by engaging in open dialogue, especially with our critics. In 2018, we therefore invited selected stakeholders to discuss the approach taken by Tchibo Share and our initiatives for the fair payment of workers in textile supply chains. We also hosted the event "WE: 10 Years On" to present the workings of the WE programme. We will only be able to address complex and systemic challenges by forging an alliance with further stakeholders, such as the ACT initiative and the Partnership for Sustainable Textiles. And we need to work alongside local workers in our factories and coffee-growing regions. As part of our dialogue with multiple stakeholders, entitled "Mainstreaming Sustainable Coffee Production", we have started asking local farmers in Minas

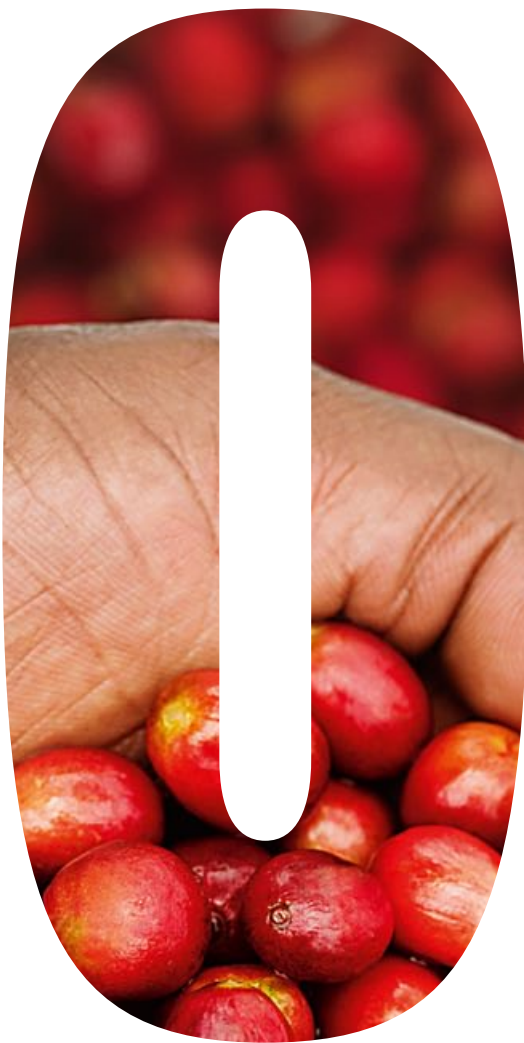
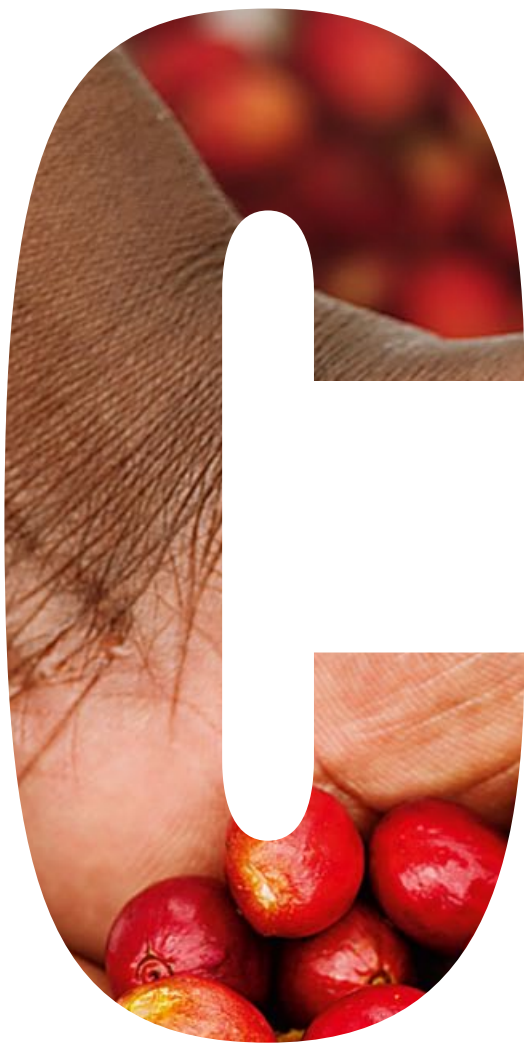
**The pillars of our corporate governance are not only formed by our stringent conformity with legal regulations, our fair trade and honesty, but also our control and mitigation of potential risks and the careful handling of information entrusted to us by our employees and customers. These principles are implemented through efficient management structures and procedures that ensure compliance, data protection and risk management.**

Gerais, Brazil, about their everyday lives, desires and expectations. Our aim is to better understand the most important challenges faced by coffee farmers and their families and to develop innovative measures together. After all, innovations are important to find bold answers to the global challenges of our time.

### International Business Units

Our commitment is not limited to Germany. Our international business units in Austria, Switzerland and Eastern Europe have been involved in our sustainability management system since 2009 - with regard to centrally controlled processes and products. We pursue the exact same sustainability goals at our international sites as we do in Germany. Our international business units also set their own individual targets in their national sustainability programmes.

*A comprehensive presentation of our sustainability management system can be found in the Tchibo Sustainability Report 2017 at [www.tchibo-nachhaltigkeit.de](http://www.tchibo-nachhaltigkeit.de).*





VALUE CHAIN COFFEE

# Why is Tchibo committed to fostering greater sustainability in the coffee sector?

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**T**chibo has always put a high emphasis on the finest quality in its coffees. Coffee forms the core of our brand, and we want to continue offering our customers a special coffee experience in the future. However, we will only be able to achieve this by ensuring the livelihood of coffee farmers and their families and preserving the fertility of their soils.

The operational environment of Tchibo is constantly evolving and sustainable business is becoming increasingly important. Many coffee farmers must react to changing climatic conditions – often with little knowledge of resilient cultivation methods and lacking access to the necessary financial investments. This may result in declining yields, lower quality and more pollution. Furthermore, rising production costs and falling coffee prices are threaten-

ing the livelihoods of smallholders and their families – and consequently the livelihoods of future generations as well. It is increasingly challenging to earn a viable living from coffee farming in some production countries, and so more and more young people are opting for alternative sources of income. In Africa, for example, growing

*"As the global coffee demand steadily increases, coffee farming is becoming more and more challenging".*

fruit and vegetables is more profitable for them. Many people are also looking for a job in the city, rural depopulation is increasing.

At the same time, the global demand for coffee has been steadily increasing by around 2% a year over the past few decades. In Germany alone, the

per-capita consumption is over 160 litres a year.

It is important to us that farmers and their families can make a good living from coffee farming, and that the environment is not damaged (or only minimally affected) by the cultivation of coffee. After all, this will also

ensure the future of our company. Over the past few years, we have therefore not only committed ourselves to numerous projects and industry initiatives, but also dedicated more on the purchase of validated or certified green coffee grades.



➤ **Commitment to a sustainable value chain – are we on the right track?**

In 2018, we reviewed the impact of our commitments and, to be honest, we are not satisfied. Our measures have so far only brought about selective changes in our own supply chains. More cooperative initiatives are required to achieve long-term improvements for people working in the coffee sector. It is important to give more of a voice to people and stakeholders in countries of origin. Many of today's

*"Spreading our passion for coffee with a focus on people and the planet while shaping a viable business for everyone – every day".*

challenges, such as better access to clean water and health protection, call for a systemic change. These changes are not just required at individual farms; they need to be border-crossing, across countries and regions. To bring an example: in order to permanently improve the water quality of a river, all local residents and farmers have to make their contribution to it.

With this in mind, we have carried out a thorough review and revision of our sustainability concept for coffee in 2018. Over the past year, we have not only developed our existing projects and initiatives (purchase of sustainable green coffees, Tchibo Joint Forces!® qualification programme, our international collaborations), but also welcomed new approaches (increased cooperation with stakeholders in coffee-growing countries). In other words, we have added an element of regional cooperation to our commitments. In doing so, we want to bring together the relevant parties and develop structural measures for the coffee-growing regions where we purchase our raw materials.

Over the following pages, we will describe the various components of our sustainability work, such as our projects in coffee-growing countries, our first regional cooperation initiatives, our commitment to global industry initiatives, and our sustainable purchasing practices. Our aim is to combine these elements to increase their effectiveness for economic, environmental and social development and establish sustainable value chains of coffee.

**The focus of our sustainability work: viable businesses, environmental protection, human rights and working conditions**

In the interest of building sustainable value chains, we have established a thematic framework for our actions.







This includes the development of viable businesses (economic level), environmental protection (ecological level), and human rights and working conditions (social level).

The individual areas within this framework are often interdependent and complex, and they crucially require a solid understanding of the local situation. To us, it is important to support the cultivation of high-quality coffee as a sustainable business model. In our view, the observance of human rights forms the basis. The integration of our projects in local communities is critical to the long-term success of our initiatives. We also want to promote environmental protection more actively in our coffee-growing regions. In this context, we are particularly focusing on the topics of water, climate change and biodiversity.

#### An overview of our focus areas

- Viable businesses: the safeguarding of livelihoods, infrastructural improvements, opportunities for diversification, access to funds, handover to the next generation

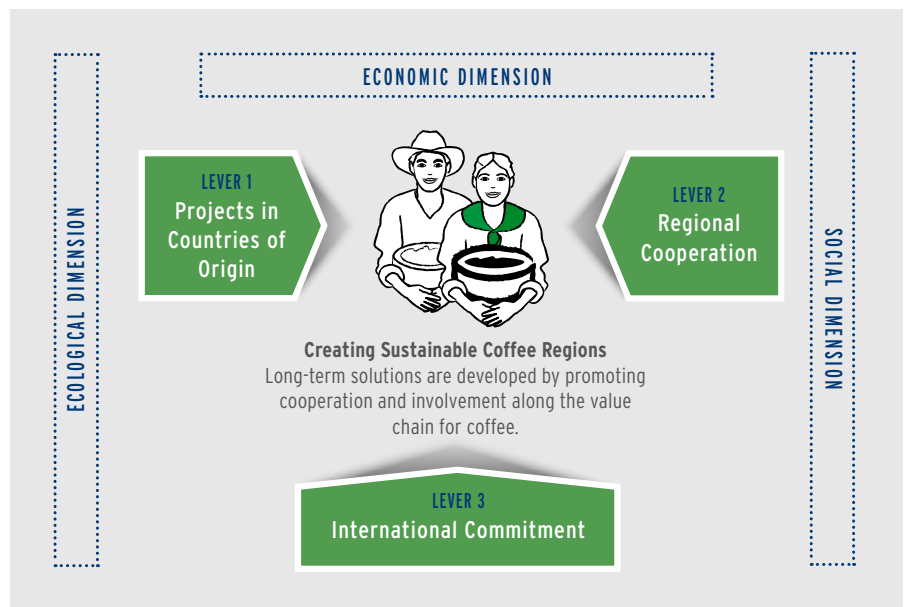
- Environmental protection: climate and biodiversity protection, sustainable farming and the preservation

of soil fertility, and the reduction of water pollution as well as secured water availability

- Human rights and working conditions: child protection, equality and job security, health protection, involvement in local communities

It might seem obvious, but we would like to emphasise that coffee farmers and their families are at the heart of all our business activities. We would not be able to roast coffee without their efforts and commitment. And we believe it is important to treat current and future generations of coffee farmers with respect and willingness to learn.

### STRUCTURE OF OUR COFFEE SUSTAINABILITY STRATEGY





# RESULTS AS OF 2018

The most important results on our road to sustainable business:

## SUSTAINABLE COFFEE GRADES

- 29.7 % of our coffee grades are sourced from farms that have been certified according to international standards (Fairtrade, Rainforest Alliance, UTZ, Organic) or verified in line with the Common Code for the Coffee Community (4C).
- For our premium coffee segment, we exclusively use certified coffee.
- The coffee dedicated to “Cafissimo” and “Qbo” capsules is also sourced exclusively from certified coffee farms. The capsules are 100 % recyclable.
- We will launch our new Tchibo Organic Coffee in June 2019.
- Tchibo has a range of 51 different coffee varieties from sustainable sources. In other words, we offer our customers sustainable coffee for almost every taste.

## TCHIBO JOINT FORCES!® QUALIFICATION PROGRAMME

- We have supported over 35,000 smallholders and their families since 2009 by offering trainings as part of our Tchibo Joint Forces!® (TJF!®) qualification programme. We have carried out joint projects to support their transition from conventional to sustainable coffee farming.
- 16 projects have been carried out in 8 countries since the start of the TJF!® programme - three of these are currently ongoing.

## INTERNATIONAL COFFEE PARTNERS

- As part of our involvement in the International Coffee Partners initiative, we have supported 79,520 households in 12 coffee-growing countries since the organisation was founded in 2001.

## EDUCATIONAL PROJECTS IN COUNTRIES OF ORIGIN

- Since 2009, over 5,500 children and teenagers have been assisted and educated throughout the harvest period in Tanzania and Guatemala with the help of our partners Coffee Care and Save the Children. They have been supplied with food, medicine and educational support.



As we look to achieve more sustainability in our coffee supply chains, we want to work with coffee farmers, their families, pickers, local communities and other relevant stakeholders to develop innovative solutions and improve working and living conditions for the benefit of people and the environment. We see the scalability of solutions and the sharing of learning experiences as integral parts of this process. As an example, the experience we gained during the construction of day-care centres in Guatemala has been applied to our new project

in Honduras. When establishing our priorities, we rely on bold and courageous communication where information is shared and common goals are pursued. Long-term orientation, proximity to people and commitment of all partners are all essential factors to ensure a successful and sustainable approach.

## Our Commitment in Countries of Origin

### Tchibo Joint Forces!®: Supporting farmers' families

Since 2009, our Tchibo Joint Forces!® qualification programme has been supporting coffee farmers and their families to make a gradual transition from conventional coffee cultivation techniques to socially and environmentally acceptable and economically viable coffee farming. Tchibo Joint Forces!® has also played an important role in our own development: Our projects carried out in countries of origin have given us the opportunity to embrace the reality of coffee farmers and their families and we discover some of the challenges they face on a daily basis. We work together to develop solutions that can be implemented not only on a regional and local level, but also internationally. The limited number of coffee farmers allows us to respond to local needs and test our innovative approaches.

Over 35,000 farmers from eight countries have successfully completed the programme within 16 different projects.

Since 2017, an increasing amount of projects have been aimed at women and children, such as our activities and measures to promote income diversification, childcare initiatives and the prevention of child labour. As such, Tchibo Joint Forces!® not only works for farmers; it also has a wide-reaching effect on their families and beyond. We are currently working for and working with local coffee farmers in Guatemala, Honduras and Tanzania. In Brazil, we have successfully completed a Tchibo Joint Forces!® project in cooperation with Fairtrade.

**BRAZIL:** Three years ago, we launched a project together with Fairtrade and our coffee farm "Ipanema Coffees" to support the COOPFAM Cooperative. We managed to achieve our aim of strengthening COOPFAM in June 2018. The amount of people employed by the cooperative has more than doubled over the last years, and now offers its members more services. There are 15 independent employees working in the areas of coffee farming, processing,

## SUSTAINABLE DEVELOPMENT GOALS

Tchibo is contributing to the achievement of the following global development goals through its measures and programmes:



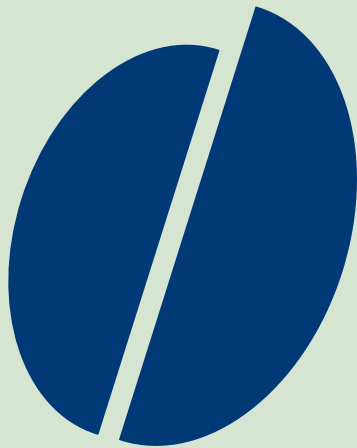
# TCHIBO JOINT FORCES!®

## SUSTAINABLE YIELD AND PRODUCTIVITY GROWTH

- Advice and training:
  - Soil and plant analysis
  - Sustainable farming practices
  - Adapting to the effects of climate change
  - Protection and safety standards

## SOCIAL COMMITMENT

- Academic and vocational opportunities for adolescents
- Childcare



## FOUNDATIONS OF SUSTAINABLE BUSINESS

- Advice and training:
  - Accounting
  - Analysis of sales, revenue and profit
  - Cost analysis

## COFFEE QUALITY

- Advice and training:
  - Analysis of green coffee grades
  - Harvesting and processing
  - Storage and transport
  - "Train the Trainer" approach

## CERTIFICATION / VERIFICATION

- Assistance in obtaining certification or verification

logistics, trading, sustainability and finance. This enables the cooperative to independently process exportable coffee grades and thereby generating added value for its members. There has also been a sharp increase in members – around 500 coffee farmers have joined the cooperative at this stage.

**GUATEMALA:** In 2015, we collaborated with the Coffee Care Association to launch a Tchibo Joint Forces!® project for 600 smallholders in Santa Barbara, Huehuetenango, and the project was successfully completed in 2018. Our positive experience from this project has prompted us to launch another initiative for 1,000 farmers, to increase the effectiveness of our local measures and let us put our newly acquired knowledge into practice. The aim of this new project is to optimise coffee grades by offering additional qualification on the topic of sustainable cultivation methods. This should make it easier for farmers in the region to increase their earnings. We are also implementing a project extension to support the farmers involved in our previous initiative and strengthen the coffee-growing region as a whole.

**HONDURAS:** In October 2018, we launched a new Tchibo Joint Forces!® project with Fairtrade and CLAC (the Latin American and Caribbean Network

of Fair Trade Small Producers and Workers). Our aim is to improve the working and living conditions of coffee farmers, pickers and their families by working together with three cooperatives. The project is focused on the three core areas: 1. Improving coffee quality through the use of sustainable agricultural practices; 2. Raising awareness on human rights and gender equality and developing concrete child protection measures; 3. Involving women and the next generation of farmers in decision-making processes. The project will run for three years.

**TANSANIA:** Since 2017, we have helped around 2,500 coffee smallholders in the south of Tanzania (Mbeya region) to adopt sustainable farming methods and become Rainforest Alliance certified. The focus is not only on more environmentally friendly farming methods, but also the revitalisation of coffee fields with younger plants and cultivation under shade trees. We are also supporting neighbouring schools through extra-curricular "Coffee Clubs", where pupils can attend after school workshops to learn about sustainable coffee-growing methods and even tend to their own school coffee field. The schools can use the proceeds from the coffee fields to purchase additional supplies and school lunches.



**35,000 coffee farmers**

have already benefited from our qualification programmes.





As part of the Tchibo Joint Forces<sup>®</sup> project work, day-care centres have been opened for around 150 local children.

- We have also been involved in the Chiquimula region since 2013: We initially opened six day-care centres in twelve communities in the Olopa region alongside Save the Children, the world's largest independent organisation for children's rights. We provided over 300 children with age-specific care during the last coffee harvest period from November 2017 to February 2018. We also offered additional remedial education to 2,000 local boys and girls at 18 schools during regular school hours, which means over 2,600 children and members of the community benefited from our project activities in 2018. The project will be continued independently by local stakeholders as of March 2019.

- The "Niñez Feliz" was successfully completed in September 2018 after we had promoted the education of children at 20 schools in the Jacaltenango region. Around 850 pupils attended reading camps, and 1,150 parents participated in project activities by joining reading initiatives, initiating projects for alternative sources of income and joining child protection committees. Around 3,400 children and 2,600 adults have benefited from our project.

## Developing Sustainable Coffee Regions

There are an estimated 12.5 million coffee farms in the world, and around 80 % of them only cultivate small areas. Around 400,000 smallholders produce for Tchibo. As part of our farmer development programme, we have worked with 35,000 coffee farmers to improve their production standards and living conditions.

If we examine our current progress, it is clear that it will take several years for us to reach all farmers in our value chains if we continue to focus purely on our own farmer training initiatives. Our coffee producers do not have this time. We have also realised that some problems cannot be resolved through our individual work with coffee farmers. Their problems are often rooted deeply in a lack of infrastructure, legislation or extension.

We know from other industries that significant change can be achieved in an entire region or country by linking partners from business, civil society and politics and by implementing joint measures. The Accord on Fire and Building Safety in Bangladesh is a good example for this concept.

With this experience in mind, we have identified significant potential in the development of sustainable coffee-growing regions. We are looking for scalable solutions that can be implemented across entire coffee-growing regions. In Brazil and Vietnam, we want to get involved in regional activities with other coffee roasters and local stakeholders. As we know these processes need time, we have

### ➔ Promoting self-help through educational projects in countries of origin

Tchibo is committed to improving living conditions in countries of origin through self-help projects, such as academic and vocational initiatives for children and adolescents.

In 2018, we supported the following educational projects in Guatemala:

- We had been working with the Coffee Care Association since 2011 in the Huehuetenango region, where we ran day-care centres and offered training seminars for teenagers during the harvest season. The project has since become self-sufficient, and four of our six partners have decided to continue the day-care centres independently.



taken the first step by initiating pilot projects in collaboration with our strategic partners. This will allow us to test our innovative approaches in smaller areas and learn from our experiences. Our local teams, trading partners and other local stakeholders will work more closely in the region with farmers and their organisations, such as cooperatives. We will be able to build on our ten years experience gained through the WE programme (qualification programme for non-food suppliers), share our learning experiences and exploit synergies.

### Understanding the current challenges of coffee farmers in Brazil

The aim of the multi-stakeholder dialogue “Mainstreaming Sustainable Coffee Production”, initiated by Tchibo in 2017, is to work with stakeholders to address structural and systemic challenges in the coffee sector. In 2017, we launched the initial test phase of this communication process in Minas Gerais.

Minas Gerais is one of the most important growing regions for arabica coffee in Brazil. It is the main source of green coffee for Tchibo and many other international companies, showcasing its particular relevance.

After holding a stakeholder meeting in Belo Horizonte at the end of 2017, we developed a test in 2018 where we asked coffee farmers to share their stories and professional experiences with us. The interviews were conducted by our trading partners in selected regions of Brazil where we source our green coffee. This survey was not purely about figures; we wanted to discover the concrete realities of farmers and their families. What do they want? What do they need? How do they feel

about the current challenges involved in coffee farming? The questions were deliberately formulated in a very open manner to allow the coffee farmers to provide thorough and honest answers.

By carrying out digital analysis on the basis of patterns and trends, we want to gain a better understanding of the challenges coffee farmers are facing and establish which ones are most relevant to develop the appropriate countermeasures together.

We also want to find out whether this method is suitable to give the farmers and their families a stronger voice

## How can we promote solutions on an international level?

### Industry initiatives: learning and developing solutions together

Tchibo is committed to achieving better conditions in coffee-growing countries through multi-stakeholder initiatives with other relevant stakeholders from politics, industry, associations, trade unions and civil society. As part of our strategic realignment, global networks will continue to be highly important for Tchibo in the future, as they will ensure that local

throughout these transformation processes. Our aim is to answer the following essential question: How can we develop our sustainability work to facilitate communication and dialogue with the people at the heart of our business activities? Their perspective is crucial for us to decide which issues to address and how.

We completed our surveys at the end of 2018, and we will start evaluating the results and developing the appropriate measures in 2019.

and regional activities have a broad impact beyond our own supply chains, and that sustainable farming and consumption can be supported through appropriate political frameworks.

We want to learn from and with one another to productively contribute our experience and knowledge for the benefit of all stakeholders in the coffee sector.



Stakeholder event in Brazil, November 2017.

### International Coffee Partners

Ever since the ICP was founded in 2001, we have successfully completed 18 projects in twelve countries with seven other companies in the coffee industry. The measures have been implemented by the Hanns R. Neumann Foundation. Over 79,520 households (mainly smallholders) have benefited from this partnership so far. Further long-term model projects were carried out in 2018 to increase the capacities of smallholders and their families around the world.

### Initiative for Coffee & Climate

Tchibo is an active member of the Initiative for Coffee & Climate, which was founded in 2010 with the aim of helping coffee farmers adapt to the effects of climate change. Around

80,000 farming households that earn a living through coffee farming in Brazil, rifinio, Vietnam, Central America and Tanzania will have attended training courses by the end of 2019. The measures are being implemented by the Hanns R. Neumann Foundation.

### Global Coffee Platform

The Global Coffee Platform (GCP) is a coalition of coffee producers, trading companies, industry and civil society organisations. Its aim is to drive sustainable development throughout the entire coffee sector. To this end, the GCP has developed and established national platforms to allow private and public stakeholders to drive the implementation of sustainability goals together. In Brazil, for example, a national curriculum has been drafted to

outline the concrete implementation of such measures in the country. An app has also been developed to determine the current situation of coffee farmers. The data collected has been analysed to identify gaps, and members are now being urged to address these issues. Tchibo is supporting the Driving Coffee Sustainability initiative in Brazil as a member of the national platform. In 2018, national platforms were also founded in Honduras and Kenya.



## Purchasing sustainable green coffees

As we carry out our own sustainability work, we continue to source green coffees that are certified by international standards organisations (Fairtrade, Rainforest Alliance and UTZ, the organisations behind the European organic seal). In 2018, 29.7 % of our coffee grades came from certified or verified sources - 3.3 percentage points more than in the previous year. 100 % of our premium and higher-quality coffees are now certified. We implemented the Common Code for the Coffee Community (4C) for the last time in 2018. In our view, the basic requirements of the 4C validation system are no longer

enough to ensure the sustainable development of the entire supply chain. Instead of investing further in the 4C system, we are gradually turning our attention to our own Tchibo Joint Forces!® qualification programme and regional transformation processes, and we hope to significantly increase the impact of our investment. We are also engaging in dialogue with the certification bodies to contribute to mutual development.

## Outlook

In 2018, we carried out an honest examination of our sustainability work in our coffee value chains. Our initiatives have already benefited many people, and we have initiated and supported positive changes in the coffee industry. We are proud of that. At the same time, however, we are aware that our work is not enough to achieve our goal of economic, environmental and social sustainability in the coffee value chain. This will require even greater cooperation at various levels, and we will continue to develop our commitment to sustainability with a focus on introducing better and more scalable measures.





CON  
SUMER  
GOODS





VALUE CHAIN CONSUMER GOODS

# Continuously improving social and environmental standards

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**E**very week, we offer our customers new ranges of consumer goods that stand out for their quality and sophistication. We make sure social and ecological standards are observed when sourcing raw materials and manufacturing our goods, and we consider sustainability concerns when designing our products. We are constantly looking to increase the transparency of our value chains to make comprehensive improvements – even in our upstream processes. Whenever we are unable to tackle global challenges in the supply chain on our own, we take innovative, collaborative approaches through multi-stakeholder initiatives.

As a responsible company, we consider it our duty to offer products and services that are fair to people and the environment. When developing sustainable value chains for our consumer goods, we focus on the areas

where our business has the greatest impact on people and the environment and, at the same time, where we can make the biggest changes. We are sustainably expanding our product ranges, and we are committed to improving working conditions and ensuring greater environmental protection when sourcing raw materials and manufacturing our goods. One of our main

## Product design: using raw materials from responsible sources

We believe our consumer goods can only acquire a certain quality if raw materials are obtained from responsible sources to conserve natural and non-renewable resources. That is why we work with independent labelling bodies and reliable partners. If there are no recognised certificates or seals for certain materials, or if the certificates are not sustainable enough for

focuses is on helping the people in our supply chains to unlock their potential and find their voice, and we promote honest communication with one another. We are also constantly looking to increase the transparency of our value chains to make comprehensive improvements – even in our upstream processes. All our efforts require commitment, courage and cooperation.

us, we try to develop new standards and find innovative solutions. Tchibo was identified as one of the top three providers in the “Preferred Fibre & Materials Benchmark Insights Report”, published by Textile Exchange in 2018.

Our consumer goods are usually made of several materials, which have varying degrees of relevance depending

on their proportional quantity in the final product. As part of our production strategy, we firstly focus on the materials that make up the main component and therefore have the greatest impact, such as cotton and

wood. We then turn our attention to ancillary materials like elastane, and the final step revolves around additional components like buttons. At the same time, we also take a closer look at our production process, such as by using environmentally friendly waterproofing methods to manufacture our rainwear. The aim of this approach is to significantly improve the environmental and social impact of our products by 2021.

#### Cotton

Cotton is the most important natural fibre in our textiles, and yet farming conditions are becoming increasingly difficult - and cotton is becoming increasingly scarce - due to the significant consumption of resources, the global cotton demand and climatic changes. We promote fair and environmentally friendly cultivation by using predominantly organic cotton for our textiles and by committing ourselves to meeting greater demands. No chemical pesticides or fertilisers are used in our environmentally friendly cotton farming; only natural fertilisers and pesticides are used.

Our aim is to make all our textiles with more sustainable cotton by 2021. 86 % of the cotton used for our clothing and home textiles comes from responsibly managed sources (organic cotton, Global Organic Textile Standard [GOTS], Cotton made in Africa [CmiA]). The majority (around 80 %) is sourced from organic farms. According to Textile Exchange, this makes us the third largest purchaser of organic cotton for the fourth time in a row. As a member of the multi-stakeholder "Organic Cotton Accelerator" initiative, we are also working with stakeholders

in the international cotton sector to strengthen the cultivation of organic cotton and develop a viable market for the product.

In 2015, we launched the special Appachi ECO-LOGIC pilot project in southern India. Our aim was to create a consistently transparent supply chain. The cotton in the Appachi ECO-LOGIC Project was cultivated in a socially responsible and environmentally friendly manner. We developed our supply chain for the further processing of cotton, especially in India, and our textiles were manufactured by producers who had graduated from the Tchibo supplier qualification programme, WE (Worldwide Enhancement of Social Quality). We offered the first three products from the Appachi ECO-LOGIC Project in 2016.



## SUSTAINABLE DEVELOPMENT GOALS

Tchibo is contributing to the achievement of the following global development goals through its measures and programmes:



*"The earth has under 60 harvest cycles remaining if erosion and pollution continue at the same rate".*

In 2017, we launched our first complete collection with Appachi ECO-LOGIC cotton, and further products like our Pure Collection followed in 2018. At the moment, however, it is unclear how the project will continue. Difficult climatic conditions caused by immense droughts have presented our smallholders with challenging farming conditions.

#### Recycled materials

Most synthetic fibres are petroleum-based, and petroleum is a non-renewable resource. Its production requires a lot of energy and water. However, synthetic fibres are breathable,

temperature-regulating, elastic, tear-resistant and abrasion-resistant, which means we cannot do without synthetics in many of our textiles like raincoats, functional clothing and other outdoor wear. But we are looking into the use of recycled fibres and materials, such as old fishing nets and plastic bottles. We want to do our part to protect nature and counteract the increasing levels of environmental pollution caused by large amounts of plastic waste.

We further increased our percentage of recycled synthetics and plastics in 2018. We launched a sportswear collection where the yarn was made from recycled fishing nets or plastic bottles, helping to promote recycling and conserve natural resources.

Many precious raw materials are also saved during the processing of this ECONYL® yarn, which means we can protect the environment, conserve petroleum resources and recycle materials. We are well aware of the fact that recycled plastics are also controversial due to their potential contamination and extensive treatment process. And when clothing made of recycled plastic is washed, tiny plastic particles get into the wastewater and

cannot be filtered out at treatment plants. We are therefore working with experts to find a solution to micro-fibre wear and, of course, we are carrying out extensive checks on our recycled materials to make sure they meet our stringent requirements for contaminants.

In 2018, we started using recycled wool in our textiles to improve animal protection. Waste wool is reprocessed during the production of recycled wool, which means no animal needs to be shorn again. This method also contributes to the closed-loop model that we aim to introduce in the long term. By using materials multiple times, we can counteract the "throw-away mentality" and waste of resources.

#### Cellulose-based man-made fibres

Tchibo makes sure the cellulose-based man-made fibres Viscose, Modal and Lyocell are also procured from sustainable sources. The two most important factors in the procurement of cellulose fibres are the source of the cellulose and the processing of the raw material into textile fibres, as a high amount of energy, water and chemicals are required to manufacture the fibres. Around 78 % of the cellulose fibres





# ERGEBNISSE BIS 2018

The most important results on our road to sustainable business:

## SUSTAINABLE RESOURCES AND PRODUCTS

- 86 % of the cotton processed for our clothing and home textiles was obtained from sustainable sources in 2018 (Organic Content Standard [OCS], Global Organic Textile Standard [GOTS], Cotton made in Africa [CmiA], Appachi ECO-LOGIC Cotton).
- 78 % of the cellulose fibres used (viscose, TENCEL™, MODAL™ or MICRO-MODAL™) were at least sourced from sustainably managed forests in 2018, and the majority was produced in an environmentally friendly manner.
- We are using an increasing amount of recycled materials as an alternative to newly produced synthetic man-made fibres (polyester, polyamide).
- 100 % of the wood and paper used for our products (except textiles) comes from responsibly managed sources.
- 62 % of our products with a wood or cellulose component (except textiles) are certified to the standards of the Forest Stewardship Council (FSC®) or contain regional raw materials.

## ANIMAL WELFARE

We reject all forms of inhumane husbandry, slaughter and production (prerequisite for cooperation with our suppliers).

- None of our products are made from or with real fur or angora wool.
- We do not accept the use of mulesing for our merino wool products. New collections have not contained merino wool products since 2018; there should be no more remaining products by 2020.
- We reject all down and feathers obtained by means of live plucking or force feeding; we are now using more synthetic materials (for our clothing) that are qualitatively similar to "real down", and we have reduced our range of products containing down and feathers.

## PRODUCTION PROCESSES

- We have banned the use of sandblasting in the production of our clothing.
- We do not allow the use of chemical blasting for Tchibo denim products.
- We use 100 % chrome-free tanned leather.

## HUMAN RIGHTS IN PRODUCTION

- Before receiving any contracts from us, all producers must sign our Social and Environmental Code of Conduct (SCoC) to assure their compliance with our standards.
- We conduct social and environmental audits in 93 % of our risk markets.
- We run our own WE supplier qualification programme (Worldwide Enhancement of Social Quality):
  - 387 producers from 11 countries have participated in our programme since it was launched in 2008.
  - 364,000 workers have benefited.
  - 69 % of all Tchibo products from risk markets are manufactured in WE factories.

## ENVIRONMENTAL PROTECTION IN PRODUCTION

- We signed the Greenpeace Detox Commitment in 2014, committing ourselves to end the use of toxic chemicals by 2020.
- Tchibo has banned the use of PFCs for waterproof outdoor equipment since 2016; we use an environmentally friendly alternative, ecorepel™.
- We have prohibited the use of all flame retardants during production.
- We have identified upstream wet processing plants for around 98 % of our orders.





processed for our clothing textiles were sourced from responsibly managed forests in 2018, and environmentally friendly production methods were even used for a small amount. We are currently using man-made cellulose fibres from the Lenzing Group, a company that not only procures responsibly sourced wood for fibre production, but also enforces environmental standards in its production process. In addition to the viscose provided by Lenzing, we also use the fibres TENCEL™, MODAL™ and MICRO-MODAL™. According to the "Preferred Fibre & Materials Benchmark Insights Report", published by Textile Exchange in 2018, Tchibo is the fifth largest buyer of sustainable cellulose.

We are currently looking to use Lenzing ECOVERO™ fibres in our products during the 2020 financial year. Lenzing ECOVERO™ fibres are obtained from wood and cellulose in an environmentally friendly production process. The raw materials come from sustainable, certified and controlled sources (FSC® and PEFC™). They have been awarded the EU eco label, which means they can be easily identified in the end product.

### Animal products

We believe animal welfare also plays an important role in sustainable business. We vehemently reject all forms of inhumane husbandry, slaughter and production. Therefore, in the long term, we only want to use animal products if we

can ensure that no animals have been subjected to inhumane conditions. At the same time, we are trying to find alternative materials that are not sourced from animals.

In addition to our ban on real fur and angora wool, we no longer offer any products containing mohair wool, as we cannot guarantee the welfare of our goats. There should be no remaining products containing mohair by 2020.

In addition, all our bedding ranges have been certified in line with the DOWNPASS standard since mid-2018. The standard was revised in January 2017 to reject live plucking and goods from foie gras production and promote the monitoring of rearing conditions. Companies audited in line with the DOWNPASS standard consider animal welfare when sourcing their products to promote the use of ethically obtained down and feathers. In 2018, we also stopped selling clothing containing down.

## Sustainable development of supply chains



The WE supplier qualification programme ten years on - communicating and making improvements together.

### Human rights in production

We are fully aware of our corporate responsibility in supply chains and integrated human rights due diligence in our business practices many years ago. We are now looking to implement the requirements stipulated in the National Action Plan for Business and Human Rights (NAP) as part of the UN Guiding Principles for Business and Human Rights. We are guided by the principles of respect for human rights and the prevention of human rights violations - from the raw material to the finished product.

As we cannot completely rule out violations, however, we have developed a risk management process along our value chains, as stipulated by the United Nations Guiding Principles for Business and Human Rights. This allows us to identify and systematically mitigate violations of labour regulations and environmental standards. The results of this analysis are incorporated in our purchasing strategy.





69%

of all Tchibo products from risk markets are manufactured in WE factories.

finding mutually beneficial solutions for the observance of human rights.

### Establishing grievance mechanisms

Grievance mechanisms can help identify violations of labour regulations and environmental standards, so that remedial solutions can be found jointly. However, they cannot be the only approach to tackle problems in factories because they work on the assumption that the aggrieved parties know about the independent grievance channel and know how to access it and formulate their complaint. Moreover, grievance mechanisms often do not lead to long-term improvements, as action is only taken retrospectively and the workplace structures encouraging labour law violations are only rarely changed. That is why our programmes also include ways to point out grievances.

WE programme: Aggrieved parties deal with structural violations of labour law by identifying and solving problems together. The WE facilitators are often the first point of contact for factory workers to point out their grievances and articulate their complaints. After all, workers establish a relationship of trust with their facilitators

Global Framework Agreement with IndustriALL: employee representatives and trade unions can provide safety when raising complaints with managers. They also serve as important partners for communication and improving workplaces as well as to prevent and resolve violations of

As an important part of this strategy, we are establishing long-term partnerships with suppliers and producers to offer them the highest degree of planning security. After all, we see this as another opportunity to sustainably improve the conditions in our supply chain. Our factories are chosen according to strict guidelines to ensure they meet our quality and sustainability requirements. The Tchibo Social and Environmental Code of Conduct (SCoC) forms the basis for our cooperation with suppliers, and we check whether our requirements are met by new suppliers and producers. Serious infringements (so-called "zero tolerances") must be stopped before we award the contract.

Our qualification programme WE (Worldwide Enhancement of Social Quality) is a central element to improve working conditions at production sites. The fundamental aim of the programme is to empower

workers and managers to communicate with one another and settle grievances in factories on the basis of this open exchange. Ever since the programme was launched in 2008, we have support 387 producers and 364,000 workers in eleven countries. 69% of Tchibo consumer goods from risk markets are manufactured in WE factories.

In March 2018, we marked the 10th anniversary of our dialogue programme by inviting facilitators from all WE countries to our headquarter in Hamburg. They were able to see Tchibo in its home city and share vivid insights into their work: Employees, journalists and representatives from other companies were given the opportunity to attend a live WE workshop hosted by the coaches. Working conditions should be permanently improved at all Tchibo factories in the long term by empowering employees, promoting open communication and

*"The WE programme now forms the cornerstone of our commitment to human rights in the countries where our non-food products are manufactured".*

labour standards. On the basis of the Global Framework Agreement with IndustriALL Global Union, its affiliated national and local trade unions and federations inform us about violations at production sites. In 2018, we worked with trade unions in Turkey and Cambodia in order to resolve incidents at factories.

**Accord on Building and Fire Safety in Bangladesh:** We have collaborated with trade union representatives, members of non-governmental organisations and trading companies to establish a factory-wide grievance system. Furthermore, health and safety committees have been set up at [socialcompliance@tchibo.de](mailto:socialcompliance@tchibo.de) to promptly report any risks.

### **Reducing our environmental impact**

In addition to social aspects, the reduction of our environmental impact is becoming an increasingly prominent concern in the production of our consumer goods. This is precisely why we have forged a strategic alliance with the REWE Group and the German Society for International Cooperation (GIZ) and developed a qualification programme for production areas that deal frequently with chemicals and wastewater as part of the overarching develoPPP programme run by the Federal Ministry for Economic Cooperation and Development (BMZ). In 2017, the training plan and materials were created and coaches were educated in Bangladesh and China. 20 producers with wet processes participated in the kick-off workshop on the topic of implementation.

The aim was to train 110 producers in Bangladesh and China by 2020. The programme was developed by the strategic alliance on the basis of findings made during individual factory visits and training sessions held by Tchibo in 2017. The long-term goal is to establish a training and consultation network and make this available to all companies in the region.

On 1 December 2018, Tchibo joined the Zero Discharge of Hazardous Chemicals initiative (ZDHC). This was established in 2011 and now brings together 29 companies from the textile and footwear industry. Its members have committed themselves

to improving the environment and health by removing hazardous chemicals from their production processes. Tchibo is working alongside the other ZDHC members to promote the responsible management of chemicals and to achieve greater sustainability and transparency. This has allowed Tchibo to build on its Greenpeace Detox Commitment and seek the removal of hazardous chemicals by 2020.

*"One of the main causes of water pollution is the dyeing process involved in the production of textiles".*



## Cooperation: tackling global challenges together

We are working closely with other brands, producers, governments, non-governmental organisations and trade union representatives to develop and implement global solutions for structural challenges in value chains.

### **Global Framework Agreement with IndustriALL Global Union**

In September 2016, Tchibo became the first German trading company to sign a Global Framework Agreement (GFA) with the largest global trade union federation IndustriALL Global Union. On the basis of the GFA we collaborate to promote and establish freedom of association and the right to collective bargaining among Tchibo non food producers and their employees. These are important stepping stones for employee representation, the negotiation of wages, hours and social benefits by trade unions as well as for social dialogue.

### **Accord on Fire and Building Safety in Bangladesh**

In 2012, Tchibo became the second company in the world to sign the Accord on Fire and Building Safety in Bangladesh, and we have since worked intensively on its implementation and further development. We have worked alongside auditors, engineers and a significant section of the country's clothing industry, mak-

ing great progress over the past six years: Over 90 % of the complaints recorded at all factories have been settled or significantly reduced since the Accord was first signed in 2013.

This success shows we are on the right track and can achieve a lot with the Accord. We also concluded an additional three-year follow-up agreement – the Transition Accord – before the original Accord expired in May 2018, in order to tackle any persisting or emerging safety deficiencies. This follow-up agreement has two main objectives: The work carried out under the Accord will be transferred to a national agency, which means the Accord will ideally no longer be required in the future; and we will continue to empower factory workers and give them a voice, so that they can identify and report any safety deficiencies at their workplace.

Over the course of 2018, however, it came to our attention that the state institutions in Bangladesh were pushing for the premature termination of the accord without creating a transparent, independent and, above all, sustainable transitional structure. Such a structure is necessary, however, to maintain the high standards of checks and improvements – the very essence of the Accord. Over the

course of several months, we have been working with other member companies, civil society, members of parliament and high-ranking European and American politicians to urge the country's institutions to engage in a constructive dialogue with us. After several court hearings, the Accord signatories and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) have now signed a memorandum of understanding, which has also been endorsed by the national government. The Bangladesh Accord will leave the country in less than a year's time. Its responsibilities will be assumed by a new national supervisory body, the RMG Sustainability Council (RSC), after a transitional period of 281 days.

If the Accord is terminated irregularly despite this memorandum of understanding, we and all the other member companies will carry out the tasks that have so far been carried out by local Accord experts – in collaboration with our producers and the Accord Office in Amsterdam. After all, the commitment we assumed by signing the Accord will continue to apply to everyone, which means establishing and ensuring the highest degree of safety for employees in the long run.

### **ACT (Action, Collaboration, Transformation) on Living Wages**

Since 2016, we have been committed to ensuring the payment of living wages in the global clothing sector alongside other clothing and textile brands and the IndustriALL Global Union as part of the ACT (Action,

*"Over 90% of the complaints recorded at all factories have been settled or significantly reduced since the accord was first signed in 2013".*





*Tchibo signed its framework agreement with the IndustriALL Global Union in September 2016.*

Collaboration, Transformation) initiative. We are improving our purchasing practices as part of our voluntary commitments and promote the introduction of binding, industry-wide collective bargaining between equal social partners in our production countries. We have continued the interviews we started in 2017 with all relevant stakeholders in the pilot countries of Cambodia and Turkey. In 2018, we conducted our first interviews in Myanmar. Due to political unrest, however, our scheduled interviews were postponed in Bangladesh and suspended in Vietnam.

ACT has now managed to persuade the Cambodian government and

*"The introduction of fair wages for employees is one of the major challenges and the key to achieving long-term change in the textile supply chain".*

employers' association to allow collective bargaining for higher wages. If a collective agreement is in place, the member companies have made a binding commitment: We want to assume higher labour costs for the textiles produced in Cambodia until at least 2022. If our global order volumes grow, we will also increase the number of orders we place in Cambodia.

However, we are yet to make significant progress with the initiative beyond the trial in Cambodia. The reasons for this are complex in each country: New and systemic solutions simply take a lot of time. We need a sufficient number of participating companies. Employers and trade unions in the production countries have to agree to negotiations. And there needs to be more trust between



producers and purchasing companies.

This is another reason for the high amount of scepticism: Many producers fear that ACT encourages them to pay higher wages without these being taken into account in the purchasing prices. They have their reservations as to whether price, punctual delivery and conventional product quality will remain the most important factors behind purchasing decisions – especially for non-members, who would

also be affected by the industry-wide collective agreement. And this scepticism is precisely what is making negotiations in Cambodia so difficult. It is therefore all the more important that we manage to conclude the first industry-wide collective agreement. We also need more companies to join ACT, so that we can demonstrate that ACT members do consider living wages in their purchase prices. Only then will other countries be willing to follow suit.

#### **Partnership for Sustainable Textiles**

Since 2015, Tchibo has been a member of the Partnership for Sustainable Textiles, an initiative run by the Federal Ministry for Economic Cooperation and Development. In 2018, we helped to develop provisions once again by participating in joint initiatives and committees. As a member company, we are able to implement our own roadmap while supporting two joint initiatives that were launched in 2018: an initiative for the systemic improvement of working conditions for girls and young women at spinning mills and textile factories in the south Indian state of Tamil Nadu, and an initiative for chemical and environmental management at production sites. The

*"The way in which companies purchase goods has a considerable impact on suppliers and their ability to pay living wages".*

basis for this is the strategic chemical management alliance that was forged with the German Society for International Cooperation (GIZ) and the REWE Group in 2017. We are also participating in the joint initiative for living wages in collaboration with ACT on Living Wages.

The aim of our joint initiative is to improve working conditions in the textile and clothing industry of Tamil Nadu with a particular focus on the situation of women and girls at spinning mills. We are working closely with the Indian multi-stakeholder initiative in Tamil Nadu to initiate change on three levels. The communication between the most important stakeholder groups in the local textile industry will raise awareness on workers' rights. The planned installation of complaints offices at 300 factories will be accompanied by a training programme to teach workers and managers about labour rights and grievance mechanisms. Workplace and accommodation inspections will be improved and brought in line with international standards by offering training to 40 state auditors. While Tchibo does not source any goods from Tamil Nadu, we have joined the initiative to support a promising sectoral approach and increase the impact of the textile alliance. If we note a global development, we will consider purchasing goods from the region.

### **Collaboration with the German Society for International Cooperation (GIZ)**

We are collaborating with GIZ in Myanmar to promote sustainability in the Asian textile and clothing industry as part of the FABRIC project. Our aim is to promote respect for labour standards, particularly trade union rights, and to initiate social dialogue amongst all our local suppliers through a joint training programme. Our project partner is the country's largest trade union federation of textile and clothing manufacturers.

### **Ethical Trading Initiative**

Our long-term commitment to the Ethical Trading Initiative (ETI) came to an end in April 2018. The multi-stakeholder initiative brings together companies, trade unions and non-governmental organisations to develop and share best practices for the implementation of codes on fair labour practices. We have been involved in working groups in areas like fire safety, building safety and trade union freedom. These activities have made the ETI an important catalyst in our pursuit of 100% sustainability in the value chain for consumer goods since 2010. In future, however, we want to focus even more on our industry-wide collaboration with IndustriALL and its affiliates (as demonstrated through the accord, ACT and our global framework agreement). We have managed to involve

many of our producers in our WE programme over the years, and so we have not participated in the factory programmes run by the ETI. However, we really value the immense expertise of the ETI and the outstanding role it plays in the pursuit of sustainability in many sectors.

### **Organic Cotton Accelerator**

Cotton is an essential raw material for our consumer goods. Since 2016, Tchibo has therefore been a member of the multi-stakeholder initiative, Organic Cotton Accelerator (OCA), to promote the expanding organic cotton sector. The OCA members collaborate on joint development projects to drive structural change and increase the cultivation and use of organic cotton. This not only means boosting the demand for organic cotton and related products, but also helping farmers with the cultivation of organic cotton. This includes the implementation of fair purchasing practices, the improved accessibility of high-quality organic cotton seeds for farmers, and the integrity of processes throughout the supply chain.







CUSTOMERS AND PRODUCTS

# Sustainably Inspiring Our Customers - Every Day

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**T**chibo's success over the past 70 years is due to its customers. Customer orientation is therefore a central aspect of our corporate culture. We want to make our customers happy, inspire them every day and help them strive towards greater sustainability. After all, it's not just about our future as a company, but also our future as a society. We want to offer our customers a range of sustainable, high-quality and affordable products. Sustainability has to be embraced by all households.

We used to be slightly hesitant about talking to customers about our commitment to sustainability. Despite the investments we have made over the past 13 years, we know there is still a lot to be done. At the same time, however, we have spoken to external stakeholders and realised that it is important to make people aware of our commitment. After

all, how else will our customers find out about sustainable consumption alternatives?

More and more consumers want to know how and where their everyday clothing and products are made and

*"How else will our customers find out about sustainable consumption alternatives? More and more consumers want to know how their everyday products are made".*

what materials are used. In a survey conducted by Facit and Serviceplan, for example, 69 % of consumers stated that sustainability played a key role in their purchasing decisions. This change in attitude is not yet reflected by the market, but it does give us confidence. More and more customers really want to know where and under what conditions Tchibo coffee is grown, what materials are used to produce a t-shirt,

what we are doing to curb the overuse of plastic and how we are contributing to climate protection. That is why communicating with our customers and providing information about sustainable products is incredibly important. And it is just as

important to deal with our shortcomings in a transparent manner. While we are on the right track, we are not perfect and do not claim to be. On the contrary, we also draw attention to grievances, as this is equally important to make sure our customers feel like they are being taken seriously and to allow new implementation methods to be developed by the business community, civil society and politicians.

The findings we have made through our exchange with customers are helping us develop our services and expand our sustainable ranges and offers. We are breaking new ground in the design of our products by using

more fibres from recycled materials and introducing closed-loop material cycles for example. And we are also daring to put innovative models on the market, such as Tchibo Share, even though we are still well ahead of the trend. Our explicit goal is to inspire our customers to live sustainably in the long term. We want to make it possible for everyone to buy “valuable” products that stand out for their quality, fair price, and social and ecological compatibility.

Our sustainable products and services – and our customer dialogue – help us meet the following sustainable development goals established by the United Nations.

## SUSTAINABLE DEVELOPMENT GOALS

Tchibo is contributing to the achievement of the following global development goals through its measures and programmes:

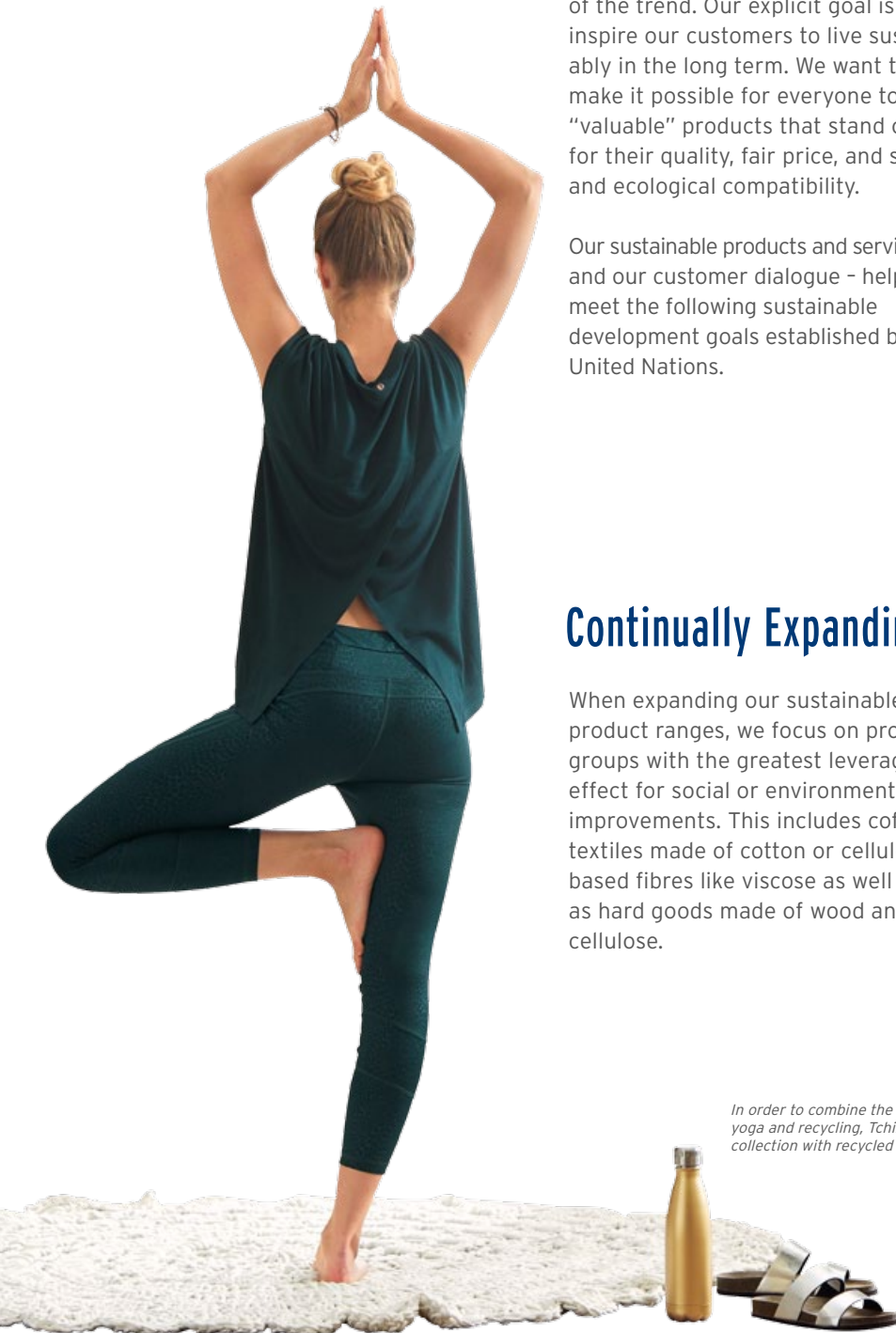


## Continually Expanding Sustainable Ranges

When expanding our sustainable product ranges, we focus on product groups with the greatest leverage effect for social or environmental improvements. This includes coffee, textiles made of cotton or cellulose-based fibres like viscose as well as hard goods made of wood and cellulose.

We have also gone a step further over the last few years by introducing more and more closed-loop material cycles to conserve global resources better and offer our customers responsible consumption practices: For the first time in 2018, we manufactured our textile products not only with synthetics, but also with recycled wool and old textiles.

*In order to combine the trendy topics of yoga and recycling, Tchibo launched its yoga collection with recycled polyester.*





At the same time, we are improving the recyclability and longevity of our products. We are also looking to reduce our use of plastic and introduce more environmentally friendly packaging and reusable solutions. This will allow us to minimise waste while saving water, energy and other resources.

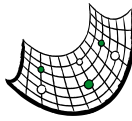
In 2018, we put responsibly manufactured products with more sustainable materials at the heart of our coffee ranges and weekly assortments.

### Sustainably cultivated coffee grades

Around 30 % of our coffee range is currently made up of sustainable coffee grades from validated and certified sources. Many years ago, we introduced 100 % certified and sustainable coffee grades for the Tchibo premium range and our Cafissimo and Qbo capsules. Customers at our coffee bars are exclusively served coffee and coffee specialities from certified grades.

In 2018, we introduced our Qbo farm coffee, a limited edition from the Alto Mayo cooperative in Peru. We source the Fairtrade-certified green coffee directly from the cooperative before refining it at our roasting plant in Hamburg.

We expanded our range of Cafissimo capsules in 2018 with the addition of the new coconut and raspberry varieties. Each green coffee grade is sourced from farms that have been Rainforest Alliance certified. We have also introduced BLACK 'N WHITE capsules with UTZ-certified coffee grades, and we plan to launch a new organic coffee in 2019.



### 26 tons of CO<sub>2eq</sub>

were saved in 2018 through the production of swim and sportswear with ECONYL® fibres made of recycled fishing nets.

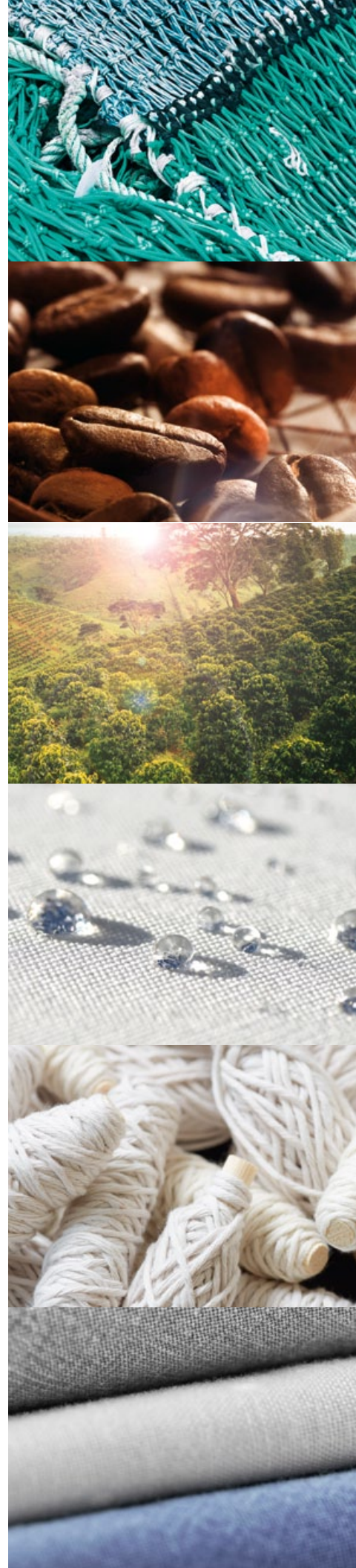
### Organic cotton

Many of our textiles are made of cotton. In 2018, we increased the percentage of our textiles containing responsibly cultivated cotton to 86 %. For example, we launched fashion ranges made of GOTS-certified cotton for babies, toddlers and children. We also offered adult clothing and nightwear with responsibly cultivated cotton in line with the Organic Cotton Standard, GOTS Standard and Cotton made in Africa.

We mainly used responsibly cultivated cotton for our "Pure Collection": The ECO-LOGIC cotton was sourced from our Appachi ECO-LOGIC project in southern India. The smallholders involved in the project use traditional and sustainable cultivation and crop protection methods. Tchibo procured sustainable cotton straight from the project.

### Around 17 plastic bottles

were recycled for each pair of sports leggings.



# RESULTS AS OF 2018

The most important results on our road to sustainable business:

## COFFEE

- 29,7 % of our green coffee is responsibly cultivated (validated and certified)
- The entire range of Tchibo Privat Kaffee (private coffees, rarities) and the coffee varieties for our Cafissimo and Qbo capsule systems are certified to the standards of the internationally recognised labelling bodies Rainforest Alliance, Fairtrade, UTZ and Organic. The coffee and coffee specialities at our coffee bars are prepared exclusively from certified grades
- Tchibo's organic coffee will be launched in 2019

## TEXTILES AND HARDWARE

- 6 % of our textiles that are made of cotton - or contain cotton - are produced with responsibly cultivation, making Tchibo the third largest buyer of organic cotton in the world
- 78 % of our textiles are made of sustainable cellulose-based man-made fibres from responsible sources
- Tchibo offers PFC-free rainwear and uses environmentally friendly waterproofing solutions like ecorepel®
- Tchibo does not use any real fur, angora wool or mulesing wool. We use 100 % chrome-free tanned leather
- Our garden furniture and craft supplies are made of FSC®-certified wood and cellulose, and all our customer shipping boxes are made of FSC®-certified material

## CIRCULAR ECONOMY

- In 2017, we launched our range of dish scrubbers made almost entirely of recycled and relatively environmentally friendly polypropylene (PP)

- We now sell sportswear with yarn made of recycled fishing nets and plastic bottles, and we use recycled polyester and wool
- We have been offering babywear and children's clothing for rent through our tchiboshare.de platform since 2018
- We provide maintenance and repair manuals and spare parts to ensure the longevity of our products

## REUSABLE SOLUTIONS FOR WASTE PREVENTION

- Since 2015, customers at our Tchibo coffee bars have been able to use their own reusable coffee cups and purchase reusable cups made of recyclable materials
- In January 2016, we stopped handing out free single use bags at our shops in Germany, and customer demand has since fallen by 90 %

## COMMUNICATION AND EXCHANGE

- We provide a space to discover, get involved and try out new things in our Tchibo Community on tchibo.de
- Our sustainable products are labelled accordingly
- We communicate and interact with our customers at our shops, on tchibo.de, and through our newsletters, journals, magazines, TV stations, social media channels, communities and the Tchibo blog
- We use our online platform tchibo.de to provide information and encourage our customers to use products for as long as possible and recycle them responsibly at the end of their lifecycle



## Wood and paper from responsible sources

Many of our products are made of wood and paper. We use the Forest Tracing System (FTS) for all our products with a wood or cellulose component to prove that our wood is legally sourced. Furthermore, 62 % of our wood products and paper, such as our garden furniture and shipping boxes, were certified to the standards of the Forest Stewardship Council® (FSC®) or came from regional sources in 2018.

## Innovative, sustainable and recycled materials

Mankind is currently consuming 1.7 times more resources than are being reproduced. The recycling and conservation of precious materials is therefore essential for our future. That is why Tchibo is developing more and more products from recycled materials. In 2018, we launched a product ranges with yarn made of recycled fishing nets, recycled plastic bottles and production waste. The "Ocean Plastic" range, for example, featured swim and sportswear with ECONYL® yarn. The yarn was produced from nylon waste, which was mainly sourced from old fishing nets.

Our synthetic materials were made from recycled yarn that was sourced from scraps of fabric left over from textile production processes. Some of the items in our yoga collection, for

*"We also draw attention to grievances, as this is equally important to make sure our customers feel like they are being taken seriously."*

example, were made of recycled polyester. We have also started using old textiles: Offcuts and scraps of fabric are now treated, processed into yarn and used for manufacturing new products. We want to continue increasing the percentage of recycled fibres in our product ranges, which is why we are looking into the use of various alternative materials and new technologies.

## PFC-free waterproofing

Harmful chemicals like PFC (perfluorinated and polyfluorinated substances) are still used often to make rainwear materials waterproof. Even before signing the Greenpeace Detox Commitment in 2011, Tchibo had already prohibited the use of PFCs in its supply chain to protect its customers and the people involved in its production processes. Instead, we use PFC-free technology like ecorepel® as an environmentally friendly waterproofing solution for our rainwear. We put this rainwear at the centre of our "Time to Detox" range in 2018.

## Animal welfare

Twelve years ago, we listened to our customers' concerns and decided to stop using real fur in our products. Likewise, we have since stopped

using angora wool and now strictly prohibit the practice of mulesing for our merino wool products.

By 2025 at the latest, we are committed to eradicating the use of all shell eggs and egg ingredients from cage-rearing or so-called small group housing systems for all food we use in our own Tchibo Shops globally. We have been ensuring this for our distribution markets in Germany and Switzerland since 2015 and have integrated this into our supplier contracts as a requirement. The exclusion of shell eggs and egg ingredients from cage-rearing in Austria will take place by 2020 in accordance with our manufacturer. By this means, we already cover over 80% of all products with shell egg and egg ingredients. Moreover, we are currently working on achieving this goal for the Eastern European distribution countries of the Czech Republic, Slovakia, Hungary, Poland and Turkey.





## Establishing Circular Economies Together

We are creating an increasing amount of practical opportunities for our customers to lead more sustainable everyday lives. Our aim is to ensure that raw materials and products can be used as long as possible within circular economies, such as by recycling, sharing, repairing and optimising. We have launched reusable solutions and offer a rental service for ecological baby-wear, children's clothes and selected items of women's clothing – and we even offer helpful repair services.

Reusable cups can be purchased for takeaway coffee at all Tchibo shops, and customers who use this offer or bring their own reusable cup are given a 10-cent discount on our coffee

**90 %**

of our shipping boxes are made of recycled materials.

specialities. Furthermore, we stopped handing out free plastic bags in 2016 and replaced them with fabric bags. The vast majority of our customers now use a fabric bag when shopping with us, and over 90 % fewer plastic bags are now being handed out as a result.

We also added yoghurt, soup and lunch boxes to our range of products at the start of 2019. As such, Tchibo has developed a reusable alternative to disposal packaging that prevents plastic waste and conserves resources. While the transportable boxes themselves are made of plastic, they have a better environmental impact than disposable packaging when used more than once. Nevertheless, our aim is to increasingly follow the closed-loop principle by replacing the conventional plastics contained in products with alternatives, such as the yarn used to produce our sportswear that is made from plastic bottles.



Our customers are particularly eager to know what materials are used to make our Cafissimo and Qbo coffee capsules: They are made of recycled and relatively environmentally friendly polypropylenes (PP), which makes them 100 % recyclable and processable.



**Over 3.5 million**  
plastic bottles were  
recycled for our textile  
products in 2018.

We are also continuously working on our product packaging. We generally use as little packaging material as possible, avoid packaging waste and ensure that our packaging is recycled as a raw material after use, such as through dual systems. We are also gradually reducing the amount of plastic in our packaging. We want to almost completely stop using plastic packaging for our textiles by 2020.

When we launched Tchibo Share, our rental service for babywear and children's clothing made of ecological materials, we became the first mainstream provider to implement the concept of "renting not owning". This makes it easy for our customers to save resources and act sustainably.



Bändchen in englisch????

After all, extending the longevity and use of textiles is one of the most important levers in the field of sustainability. Consumption studies have revealed that the average person in Germany purchases 60 new items of clothing a year and wears them for only half as long as 15 years ago. And according to a survey conducted by Greenpeace, of the 5.2 billion items of clothing in German wardrobes, around 2 billion are only worn very occasionally or never. Our rental service for

babywear and children's clothing is designed to counteract this negative trend, and so we have even added selected items of women's clothing to the Tchibo Share range. And thanks to Tchibo Share, many consumers can save time and money. The rented clothing can simply be returned – consumers themselves do not have to worry about maintenance, storage or resale.



*Sustainable products can be easily recognised by their sustainability labels.*

## Further Communicating Sustainability

Our aim is to ensure that even more consumers are aware of our sustainable products and use the incentives we have created for responsible consumption. That is why we developed the #time4green campaign for our weekly ranges, which we built around sustainable products in 2018. This campaign was shared through various channels, such as at our shops, on a separate sub-page on tchibo.de, and through our newsletters, journals, magazines, TV stations, social media channels, communities like utopia.de, and blogs. Whenever successful sustainability bloggers try our products and report on them, we can reach out to many consumers. The campaign gave our customers the chance to find out more about our materials, production processes and product longevity.

Since 2018, our commitment to sustainability has also been reflected on utopia.de, a German-language platform that focuses on sustainability issues and gives consumers inspiration, ideas, practical tips and independent purchasing advice to

help them lead a more sustainable life. As such, utopia.de also provides sustainable companies with a platform to show their commitment. The platform also boasts a large online community that engages in a lively and critical exchange of views. This critical discourse is particularly important to us.

We will continue to develop our communication of sustainability issues in the future to raise awareness of responsible consumption and make it easier for consumers to engage in such practices. At the same time, we

want to reach out to consumers who are looking for fairly priced and sustainable products – we want them to experience sustainability at Tchibo. That is why “sustainable living – every day” will be the central motto of our communication in 2019. We want to spread the full potential of our sustainability work more widely and reach out to as many people as possible, which is why we are inviting our customers to think more about this topic and join us on the journey that we aim to continue consequently in the future: “fair to people and nature – every day”.



ENW

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ENVIRONMENT 2018

# Protecting climate, resources and species

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**W**e are noting the effects of climate change, resource scarcity and a decline in ecosystem services in many countries where we source our raw materials and manufacture our goods. Our business has an impact on these developments, as raw materials and resources are required to manufacture our products, and CO<sub>2</sub> is generated during the production and transportation of our goods. We consider it our corporate duty to take responsibility for our actions. Therefore we are looking to make our business as environmentally friendly as possible. We are focusing on four areas: the protection of climate, water and biodiversity, and the establishment of closed-loop systems for our materials.

It is essential that companies respect the climate and the environment. Laws, regulations and voluntary initiatives are on the rise with a focus on climate protection, circular economies and sustainable consumption. If we take a look at the United Nations

Sustainable Development Goals, it also becomes clear that a healthy environment is directly related to human rights.

*"According to the United Nations, over two billion people have no access to clean drinking water. Of the estimated eight million animal and plant species in the world, around one million are at risk of extinction".*

We have set ourselves the goal of making our business as environmentally friendly as possible to meet the growing number of legal and social requirements imposed on climate protection and resource conservation. We now pay close attention to the cultivation of raw materials, the production and transportation of our goods, and our environmental impact at our administrative offices, shops and roasting plants, as well as our employee mobility.

We rely on our cooperation and communication with social actors from the fields of politics, business and civil society – and actively

encourage these stakeholders – to expand our scope of action.

## **In focus: climate, water, biodiversity and circular economies**

The four focus areas of our commitment to the environment are the protection of climate, water and biodiversity, and the promotion of circular economies. The protection of water and biodiversity mainly concerns the cultivation of our coffee and cotton, as well as the manufacturing of our non-food products.

## Climate: reducing CO<sub>2</sub> emissions

Tchibo is aiming to systematically reduce its CO<sub>2</sub> emissions as part of its contribution to climate protection by promoting low-emission means of transport, more sustainable energy consumption and environmentally friendly mobility solutions. The logistical framework is formed by the Tchibo Climate Protection Roadmap 2020. Based on an extended corporate carbon footprint, we want to assess more business areas in relation to climate in 2019, especially for our value chains for coffee and consumer goods.

**Over 20 %**

of Tchibo's transport-related CO<sub>2</sub> emissions have been saved since 2006.

### **"Logistics towards Sustainability" programme: reducing greenhouse gases in logistics**

We have been recording and analysing our transport-related CO<sub>2</sub> emissions since 2006 within our climate protection programme "Logistics towards Sustainability" (LOTOS), which we developed with the Hamburg University of Technology and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). Following on from this, we adopted the 2020 Tchibo Climate Protection Roadmap at the end of 2015 with the aim of making our logistical processes more environmentally friendly by the year 2020. Our roadmap envisages a relative 40 % reduction in transport-related CO<sub>2</sub> emissions compared to 2006. By 2020, we also want to have

achieved a 30 % reduction in the amount of paper and cardboard used per sales unit in B2B and B2C deliveries compared to 2014.

### **Limits for lorries: Tchibo supports an initiative of the NABU**

Tchibo is backing an initiative run by the German Nature And Biodiversity Conservation Union (NABU) and other European environmental organisations with the aim of bringing about large-scale reductions in emissions within the transport sector. In 2018, we joined other companies in urging the EU to introduce more ambitious CO<sub>2</sub> limits for lorries. After all, we are convinced that a new European regulation could play a key role in reducing transport-related emissions, meeting the obligations set forth in the Paris Agreement and achieving the EU climate targets. The initiative proved successful in December 2018, as the EU environment ministers agreed to establish the first ever CO<sub>2</sub> limits for lorries and strive for a 30 % reduction in carbon dioxide emissions from new lorries and buses by 2030.

### **Investing in roasting plants to boost energy efficiency**

Roasting coffee requires a lot of energy, which is why we want to increase the energy efficiency of our roasting plants and reduce our CO<sub>2</sub> emissions. In April 2018, the product testing bodies SGS and TÜV conducted more audits at our roasting plants and certified our operations as highly sustainable.





We plan to invest around 20 million euros in state-of-the-art drum and hot-air roasters at our roasting plant in Hamburg by 2020. We started executing our plans in 2018. In the future, we will save considerable amounts of gas and electricity and reduce our CO<sub>2</sub> emissions by over 1,000 tons a year through the use of more energy-efficient coffee roasters.

In 2016, we installed a monitoring system to measure and analyse energy consumption at our roasting plant in Berlin. However, this system has failed to meet our expectations despite various attempts to improve it. We therefore decided to develop a completely new piece of software to measure and evaluate our consumption in 2018.

The set-up is almost complete, which means we will be able to put the system into operation in 2019.

#### **Futuristic mobility: climate protection on the move**

We have been implementing our long-term fleet strategy since 2013, and we have been constantly minimising our CO<sub>2</sub> emissions. As part of this strategy, alternative drive systems like hybrid and electric vehicles are becoming increasingly important. We have managed to achieve consistent reductions in the average CO<sub>2</sub> emissions of our company cars since 2013. In 2018, we created an additional incentive for our employees to swap the car or plane for the train, as they can now book first-class train tickets for journeys over three hours.

#### **Climate assessment: the basis for new climate goals in our supply chains**

Tchibo is looking to develop and expand its greenhouse gas assessment in line with the Greenhouse Gas Pro-

## **SUSTAINABLE DEVELOPMENT GOALS**

Tchibo is contributing to the achievement of the following global development goals through its measures and programmes:



TOCOL to drive climate protection in its supply chains for coffee and consumer goods. The climate assessment will provide meaningful basic information to identify emission hotspots, derive measures and define new climate targets for direct and indirect emissions (Scope 1\* and 2\*\*) and for our greenhouse gas emissions from upstream and downstream activities (Scope 3\*\*\*). We want to make a measurable contribution to the global efforts to curb climate change and gear our company for the future. Our updated assessment will be completed in August 2019.

\* Scope 1: direct greenhouse gas emissions (e.g. gas combustion for heat generation, fleet fuel consumption).

\*\* Scope 2: purchased, grid-based energies (e.g. district heating, electricity).

\*\*\* Scope 3: indirect greenhouse emissions (e.g. purchased goods, services and business trips).



## Water: conserving our vital resource

Sustainable water management is one of our strategic priorities. By growing coffee and cotton and by manufacturing our non-food products, we are not only partly responsible for the pollution and scarcity of water, but are also directly affected by risks like water shortages and rising water prices.

We have conducted a water risk analysis with the World Wide Fund For Nature (WWF) to further develop the responsible use of water in our supply chains. We focused on coffee, cotton and the wet processes involved in textile processing – the areas of

our value chain with the highest water consumption. Our analysis has revealed individual hotspots in the Tchibo supply chain with regard to water scarcity and pollution. In 2019, we will introduce measures to mitigate the threats posed to water in the identified high-risk areas.

### Hotspots in the coffee supply chain

In the coffee supply chain, the highest volumes of water are consumed during the cultivation of coffee plants, as illustrated by the graphic below. We need to find an approach to reduce our water consumption in this area, as climate change is leading to

droughts and water shortages in the growing regions around the equator. Coffee growing could even be affected by flooding, which would have more than just short-term effects on coffee yields and quality. Climatic developments are endangering coffee farming as a whole and therefore threatening the livelihood of coffee farmers and their families. The most important coffee-growing regions in the world – and for Tchibo – are Brazil and Vietnam. Some of the high-risk regions with regard to water scarcity and pollution are located in these countries .

### Hotspots in the textile supply chain

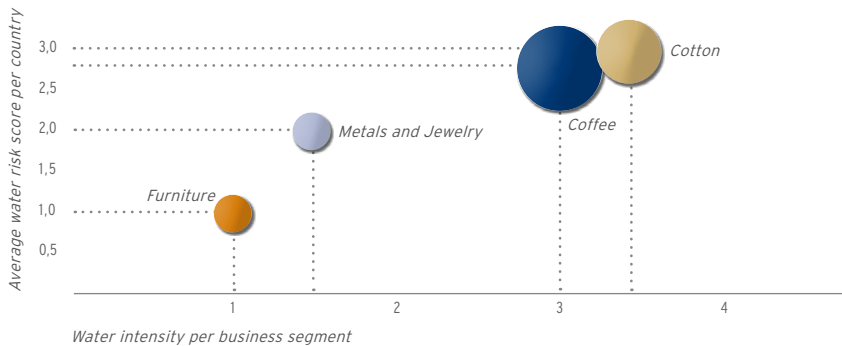
In the textile supply chain, particularly large volumes of water are required for the cultivation of cotton and for wet processing. Both of these processes usually take place in countries

*"According to the UN, there will be a 20-30% increase in the global water demand by 2050".*

## WATER INTENSITY LINKED TO THE TCHIBO GENERIC COFFEE SUPPLY CHAIN



## OVERALL **WATER RISK** SCORE PER COUNTRY VERSUS RANKED WATER INTENSITY PER PRODUCT



Quelle: Tchibo Water Report: Water Risk Analysis & Stewardship Strategy; WWF Germany 2018

that are at risk of water shortages, such as India and China. This problem is further exacerbated by water pollution: Large amounts of pesticides are often used in conventional cotton farming. This is one of the reasons why 86 % of Tchibo's textiles are produced with organic cotton. Chemicals are also used in wet processing, especially when dyeing textiles, and

these can get into water bodies and groundwater. We are substituting toxic chemicals by 2020 as part of our Detox programme. With our risk analysis we identified high-risk regions in which we can now initiate additional measures.

From 2019 on, we will start to implement concrete measures to reduce

water consumption and water pollution in the hotspots identified in our supply chains and we will contribute to the conservation of water as a valuable resource.

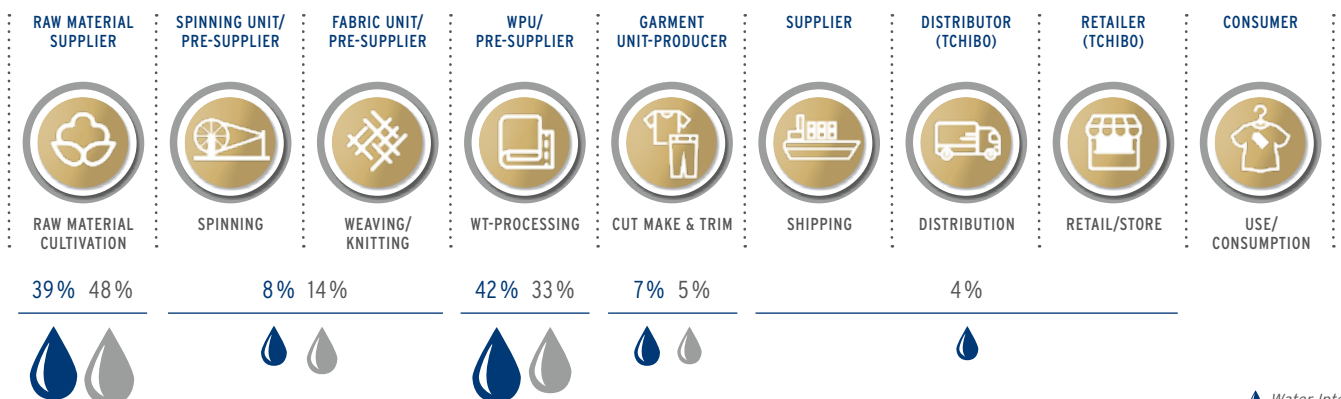
### Improved water quality through Detox

Back in October 2014, we signed the Greenpeace Detox Commitment as a sign of our intention to end the use of hazardous chemicals in textile production by 2020. Since then, we have been looking to achieve our ambitious goal step by step. Chemicals are predominantly used in wet processing activities like the dyeing, printing and washing our textiles. We have therefore identified upstream wet processing plants for 98% of our orders (A total of 316 wet processing

### Through our **Detox-**

programme, our textile producers are reducing the use of hazardous chemicals and improving the quality of wastewater.

## WATER INTENSITY (USE) AND POLLUTION PER **TEXTILE** SUPPLY CHAIN STEP



Water Intensity  
Water Pollution

Quelle: Water Footprint Network, 2008

plants in 2018). We publish a list of our producers and wet processing plants for home textiles, clothing and footwear. The list is updated every six months on our website.

For **98 %**

of our orders, we have identified upstream wet processing units.

We have conducted wastewater tests at these wet processing plants to obtain information on the presence of unwanted chemicals and establish the necessary measures. Valid wastewater tests were conducted at 66 % of all our wet processing plants in 2018. A total of 359 samples were collected at Tchibo's wet processing plants. The results of these tests have been published on the online platform run by the non-governmental Institute for Public and Environmental Affairs (IPE).

Tchibo is supporting its suppliers and wet processing plants to introduce a comprehensive chemical management system and has developed a training manual for suppliers. In addition to written materials, Tchibo also provides an online training tool with modules on topics like water and

chemical management. This is based on the Carbon Performance Improvement Initiative (CPI2), which was founded by Tchibo and eight other companies. 61 Tchibo factories have participated in the training courses. Our training manual and online seminars are supplemented by our supplier qualification programme, which was developed through our strategic alliance with the REWE Group and the German Society for International Cooperation (GIZ) as part of develoPPP programme run by the Federal Ministry for Economic Cooperation and Development. The aim of the project is to develop training materials, train local experts as coaches and educate 110 producers in Bangladesh and China by 2020. For the participating production sites the training cycle takes 30 weeks. Several workshop days and factory visits take place during this time. Between these activities, each factory works on the implementation of their own management action plan to improve their individual environmental performance. A total of 20 producers with wet processes working for Tchibo and the REWE Group introduced the training programme in 2018.

The implementation of the Detox requirements throughout the industry,

requires a change of approach from all stakeholders - from the chemical industry and producers to retailers and customers. Tchibo became a member of the ZDHC Initiative in December 2018. ZDHC stands for Zero Discharge of Hazardous Chemicals; the programme is run by the non-profit ZDHC Foundation. Over 29 companies from the textile and footwear industry have joined this initiative to commit themselves to improving the environment and health by removing hazardous chemicals from their production processes. Tchibo is working with the





other ZDHC members to promote the responsible management of chemicals and to improve sustainability and transparency.

Other projects have been summarised in the Detox Progress Report, which offers a detailed insight into the measures taken to date to avoid the use of hazardous chemicals in textile production. We will continue to develop our water strategy and contribute to resource conservation by taking measures to promote the responsible consumption of water in our supply chain.

## Preserving biodiversity

Tchibo is committed to preserving biodiversity and protecting ecosystems. We are focusing on the areas on which our business has the greatest impact: coffee and cotton farming. In this context we have been a member of the independent, non-profit organisation "Biodiversity in Good Company" since 2012. This initiative brings together pioneering companies from various sectors to discuss solutions for the preservation of global biodiversity and raise public awareness.

Many of the agricultural methods used to grow coffee and cotton pose a threat to ecosystems and biodiversity. Therefore we are focusing on the environmentally friendly cultivation of coffee and cotton. The measures

we are taking in the fields of Detox, climate protection, circular economies and sustainable forestry contribute to the preservation of biodiversity.

### **In focus: preserving biodiversity in our countries of origin**

The detrimental effects of our business on biodiversity can mainly be seen at the start of our supply chains, i.e. in the countries where our raw materials are grown and produced. Our endeavours to preserve biodiversity are therefore centred around the following areas:

- The environmentally friendly cultivation of coffee and cotton
- The promotion of responsible forest management and the exclusion of illegal deforestation
- The reduction of resources used in product design
- The substitution of hazardous chemicals used in production processes
- The protection of the climate during cultivation, production and transportation

One approach of preserving biodiversity in coffee farming is purchasing green coffee from farms that are certified in line with the standards of the Rainforest Alliance, Fairtrade, UTZ and Organic. These standards lay down specific requirements to preserve biodiversity in our coffee-growing regions. We also promote the preservation of biodiversity in coffee farming through our own Tchibo Joint Forces!® qualification programme and our involvement in stewardship programmes.



*In October 2014, we signed the Greenpeace Detox Commitment as a sign of our intention to end the use of hazardous chemicals in textile production by 2020.*

# RESULTS AS OF 2018

The most important results on our road to sustainable business:

## CLIMATE PROTECTION

- We have reduced our average (relative) transport-related CO<sub>2</sub> emissions by 24 % (compared to the base year of 2006) as part of our "Logistics towards Sustainability" climate protection programme (LOTOS). We managed to achieve our target of a 30 % reduction in absolute CO<sub>2</sub> emissions in 2012.
- We have been using 100 % green electricity at all Tchibo sites since 2008 (headquarter, warehouse, shops and roasting plants).
- The energy management system installed at our roasting plants in Hamburg and Berlin has been re-certified to ISO 50001 standards.
- We have consistently reduced our average CO<sub>2</sub> emissions from 120 g CO<sub>2</sub>/km (2009) to 109 g CO<sub>2</sub>/km (2018 without WLTP vehicles).
- We are encouraging Tchibo employees to use public transport by offering reduced tickets for the public transport in Hamburg and by financing the BahnCard 50 for frequent business travellers.
- We send letters and parcels to our customers via the climate-neutral "GoGreen" postage service provided by Deutsche Post DHL, saving 8,011.3 tons of CO<sub>2</sub> since 2012.

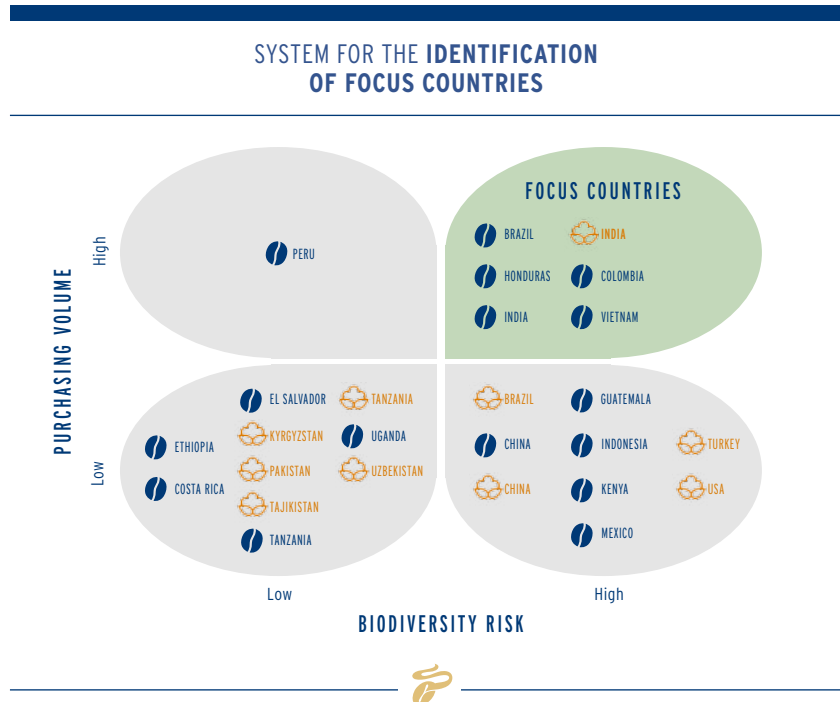
## CIRCULAR ECONOMY

- 97 % of our non-food product packaging is recyclable.
- Cafissimo and Qbo capsules are 100 % recyclable and can be disposed of in the yellow recycling bags in Germany.
- We no longer include paper delivery documents in our deliveries to our business partners and shops. We only send our private customers a printed invoice if they explicitly request one.
- Our magazines and catalogues are printed on FSC®-certified paper. We use FSC®-certified cardboard boxes for magazines, catalogues, online orders and transport packaging.
- We have fully switched to recycled printer paper at all Tchibo administrative offices.
- We stopped handing out single use plastic bags for free in Germany since 2016, and there has been a 90 % reduction in their use.
- Customers who bring their own reusable cup for a takeaway coffee at Tchibo shops have been given a 10-cent discount on their drink since 2017.
- We started selling our first dish scrubbers made of recycled plastic in 2017.
- The Tchibo Share platform allows consumers to hire baby and children's clothing made of organic cotton. We cooperate with the non-profit organisation FairWertung e.V. for the consumer-friendly and professional recycling of old clothes.



### Analysis: biodiversity risk in supply chains

We have carried out hotspot analysis to gain a better understanding of the main drivers of biodiversity loss, as well as to compare production countries and cultivation methods. The following indicators were relevant for the determination of the biodiversity risk in each country: indicators of biodiversity loss; indicators of biodiversity preservation; and indicators of the intensity of coffee and cotton farming. However, the farming intensity data is in need of significant improvement. This analysis allowed us to identify the following focus countries for our activities: Brazil, Honduras, India, Colombia and Vietnam.



## Circular economy: Re-using raw materials

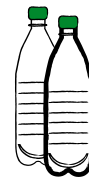
An important aspect of our environmental activities is the promotion of the circular economy. We have affirmed this approach by signing our 'Closed-Loop Commitment' with Greenpeace - we are committed to making recyclable products, to developing take-back solutions for textile recycling, and to inspiring our customers to engage in sustainable consumption.

### Assortment integration: using recycled and renewable materials and ensuring long-lasting products

We use recycled materials in selected product groups to protect resources. By using recycled yarn, we can conserve fossil fuels and use materials that have already been in circulation,

while still maintaining consistently high quality.

In August 2018, we launched a sports collection with products made of recycled polyester and polyamide. Instead of using new petroleum-based synthetic fibres, the yarn was made from items such as used fishing nets and plastic bottles. This allowed us to conserve resources, save energy and cut the CO<sub>2</sub> emissions of our sportswear, while still maintaining a consistently high product quality. To be specific, 1,100 kilogrammes of fishing nets were processed for our ECONYL® products, which equates to a substantial saving of 26 tons of CO<sub>2</sub>! In addition to synthetic fibres,



**183 tons CO<sub>2eq</sub>** were saved in 2018 by making clothing out of recycled plastic bottles and textile waste.

we also used recycled wool throughout the sales year.

Whilst we realise that no real breakthrough is achieved by the use of recycled materials in individual items or collections, we are determined to continue to work hard to increase the number of products made from recycled materials. We are greatly encouraged by our past experiences with cotton, as our transition to sustainable cotton also started off on a small scale - now, 86% of our cotton textiles are made from sustainable cotton!



We are also continually reducing the quantity of materials used in our packaging and conscientiously check recyclability in accordance with the new packaging laws. As of 1st January 2019, companies have been held more accountable under the new packaging law. Any company which puts packaging on the market must also ensure it is returned and recycled. Back in

## 100%

less plastic packaging will be used for our textile products from 2020 onwards.\*

\* Protective packaging will still be required for a limited number of highly-delicate materials.

*"Ever since we introduced a charge for our single-use bags at the start of 2016, their use has fallen by almost 90% at Tchibo".*

2015, Tchibo introduced a strategy based on the principle of avoiding, reducing, recycling and improving packaging. As part of this strategy, we continue to work with our business partners in supply-chains to minimise or avoid the use of packaging materials, promote reusable solutions, use responsibly-produced materials, and increase recyclability. In mid-2019, for example, we decided to stop packing socks in individual protective bags. We also carry out constant reviews of the recyclability and associated optimisation potential of our packaging, and work together with experts and waste disposal companies, too.

Furthermore, we are not only conserving resources through the use of recycled materials and recyclable packaging, but also by ensuring product durability. We ensure the long life of our products by offering high quality standards and warranties that go

above and beyond the legal requirements. At the same time, we publish instruction manuals for the maintenance and repair of our products and also offer spare parts.

In 2018, we took part in the 'Recup' deposit system project in Munich, which meant our customers could borrow returnable cups for their 'coffee to go' at a charge of one euro. Unfortunately, customer demand was very low, and so we had to end the 'Recup' test in Munich.



### **Inspiration and new business models: Tchibo Share**

One important milestone in our promotion of the circular economy is Tchibo Share: In January 2018, we became the first company in the mainstream market to hire out baby and children's clothing through our platform, [tchiboshare.de](https://tchiboshare.de). Tchibo Share inspires our customers to engage in sustainable consumption practices, to protect the environment and to support fair production conditions.



The garments available for hire are made of organic cotton sourced from responsibly-managed farms and are mainly produced by suppliers who have passed our 'WE' qualification programme. Once the hired garments have been returned, they are reused as second-hand items to give them a longer life – so far, 90% of returned products have been able to be hired again. Items that can no longer be hired or sold are donated to a member organisation of FairWertung e.V. and recycled in line with social and ecological requirements.

After receiving a positive response on our Tchibo Share platform, we decided to expand our range of products in 2018: In addition to more clothes for babies and toddlers, we now offer toys and women's clothing, and in a

wider range of sizes. Any clothing that can no longer be hired or sold as second-hand goods is donated to the Deutsche Kleiderstiftung for charitable purposes and aid projects.



#### Our contribution to the sector development

We are looking to design our products in such a way, that the majority of the components can be recycled in the best possible way at the end of their use. This also means using the knowledge we have gained on collection and recycling systems and enabling a consumer-friendly take-back system for our products. In this way, we are promoting the recycling of our textiles and, in 2017, we started working together with FairWertung to offer our customers a consumer-

friendly and professional returns service for their old clothes. With FairWertung, we have found a reliable partner who ensures the responsible handling of clothing donations and who, amongst other things, makes it possible to provide clear information on textile recycling on platforms such as [altkleiderspenden.de](https://altkleiderspenden.de). We continued to develop our collaboration with FairWertung in 2018.

As part of our commitment, and in addition to our collaboration with Textile Exchange and Reuse, we are working with other stakeholders in the sector to develop various aspects related to recyclable product designs and the circular economy.







EMPLOYEES

# Ensuring our company's success with dedicated staff

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**E**ver since Tchibo was founded in 1949, people have always been at the heart of our family business. Even our founder, Max Herz, was convinced that motivated and qualified employees were our most important resource. We find it extremely important that our corporate culture is characterised by openness and communication. Values like trust, reliability and honesty are enshrined in the Tchibo DNA. With this in mind, the objective of the 2017 CEO agenda "ONE Tchibo" is to work as a team across all divisions and put the customer at the centre of our business.

We can only inspire our customers day after day with the expertise, passion, dedication and team spirit of all our employees. Each and every

a varied working environment and development opportunities across several divisions, and by helping them to balance their professional

*"Growing together. Tchibo is bolstered by a strong team of talented employees. Everyone contributes to the success of the company through their work".*

one of us contributes to the success of our company - together we make a powerful Tchibo team. One of our key objectives is therefore to attract the best talent, keep employees at our company in the long term and continuously support their passion and performance. We act as a responsible employer by offering them

and private commitments. We promote personal communication across all hierarchical levels and create various participation opportunities for our employees by actively listening with respect and trust.

### Shaping change

We live in a dynamic and rapidly evolving society. Digitisation is progressing incredibly quickly, changes are part of everyday life, and existing structures are being broken up in the world of work. As a globally networked trading company, Tchibo also has to undergo constant change. We not only have to anticipate change; we also have to initiate and drive change. That is why we expect our employees to constantly rethink things, explore new areas, take the initiative and assume responsibility for their actions.

This goes hand-in-hand with our ambition to work more closely across departments and divisions, to develop new ideas and solutions together, to become more agile, flexible and efficient, and to put the customer at the heart of our business.

Demographic change and skills shortages have transformed the labour market into a marketplace for employees. We are taking innovative approaches to attract new talented specialists to Tchibo. We also want to continuously develop the skills of our

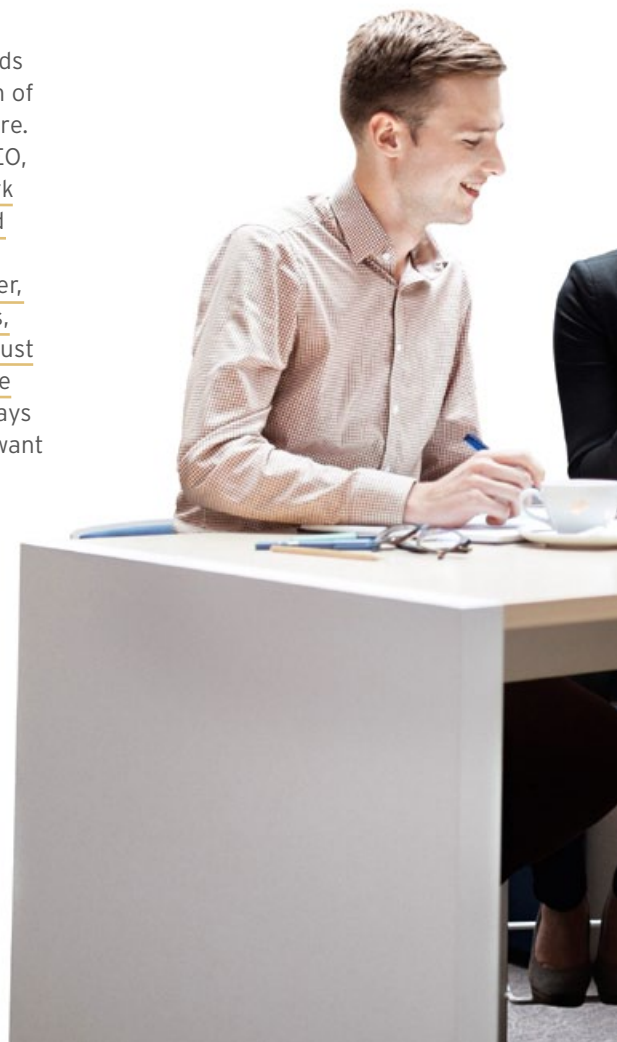
experienced employees, offer them career opportunities across several divisions and keep them at our company. We are constantly expanding our in-house training initiatives, as employees and managers will need new skills in the future world of work. Lifelong learning and the exchange of knowledge have become essential success factors.

## Corporate culture: mutual trust, dialogue and teamwork

We foster a corporate culture that promotes communication and participation. Our open and honest interaction with one another is just as important as our togetherness, which is based on a clear code of conduct and a strong sense of value. This corporate culture is an essential requirement to maintain and develop Tchibo's strength as a brand. It is also enshrined as a binding success factor in the Tchibo DNA, which was published in 2011.

### ONE Tchibo: pulling together

The 2017 ONE Tchibo agenda builds upon this foundation with the aim of gearing our company for the future. Thomas Linemayr, Chairman & CEO, has set a clear path: We want work with greater agility, simplicity and customer awareness. This means all employees have to pull together, communicate with other divisions, actively listen with respect and trust and, last but not least, make brave decisions. Our customers are always at the heart of our business: We want to work as a team to amaze and inspire them.



In order for the ONE Tchibo approach to run like a thread throughout our company and guide our actions, an extensive set of measures has been derived from our corporate strategy with twelve core initiatives. This includes the development of our logistics network, which is being managed by a team of employees from our logistics and controlling departments. Furthermore, the ONE Tchibo 2020+ core team has been established to drive the realisation of our corporate culture in small, agile and focused working groups. The team is made up of 15 directors and heads from selected divisions.

We can only put our customers at the heart of our business by constantly monitoring their needs and regularly finding out what moves them and where we can improve. This was the reason behind the development of our in-house podcast in 2017, which presents important and interesting customer voices in the original and summarises market facts for our employees.

We have also posted a new series of "EXPERIENCE ONE Tchibo" videos on our Intranet to promote the exchange of ideas across all divisions and hierarchical levels. This is where colleagues regularly present examples to inspire our entire workforce. They show how we are implementing the ideas of ONE Tchibo in our fields of work. One such example is our international exchange of employees. One of our colleagues from Slovakia visited Germany for two months in 2018, while a German colleague from our travel department went to the Czech

Republic to gain an insight into the e-commerce business. The teamwork between our ITC department (B2C Applications) and CF (Customer Satisfaction) shows how ONE Tchibo is experienced by our staff, as the departments have replaced their fragmented systems with one uniform system to handle customer concerns.

These examples show how the ONE Tchibo approach is already being implemented at the company to take our business forward. But there is still a lot of work to be done to put ONE Tchibo firmly in everyone's minds and at the centre of their daily work. That is why HR has launched the ONE Tchibo 2020+ survey. This was conducted for the first time in 2018 and will take place several times a year as a short pulse check. The online survey determines the progress made by ONE Tchibo 2020+ measures and the effectiveness of our teamwork. This allows HR to engage with employees and find out their opinions through questions and comment boxes. The teams then receive feedback, so that they can quickly get to work in specific areas based on the results. This means we can all learn from one another and our company can achieve more openness, transparency, mutual support and solutions. Our first survey in mid-2018 yielded a return of 70.5%, which was a very strong turnout. Each department received an evaluation from HR to discuss the results as a team and work on the necessary areas.





# RESULTS AS OF 2018

The most important results on our road to sustainable business:

## CORPORATE CULTURE

- Our values are enshrined in the Tchibo DNA, which was supplemented by the revised Tchibo Code of Conduct in 2017. This contains guidelines and orientation for our everyday business.
- The ONE Tchibo agenda has been -. Our employees are inspired and supported through the implementation process with innovative communication and work formats designed to promote agility, straightforwardness and customer awareness.
- NewWorkplaces@Tchibo: We are fostering innovation and collaboration through innovative room designs in various departments.

## TALENT MANAGEMENT

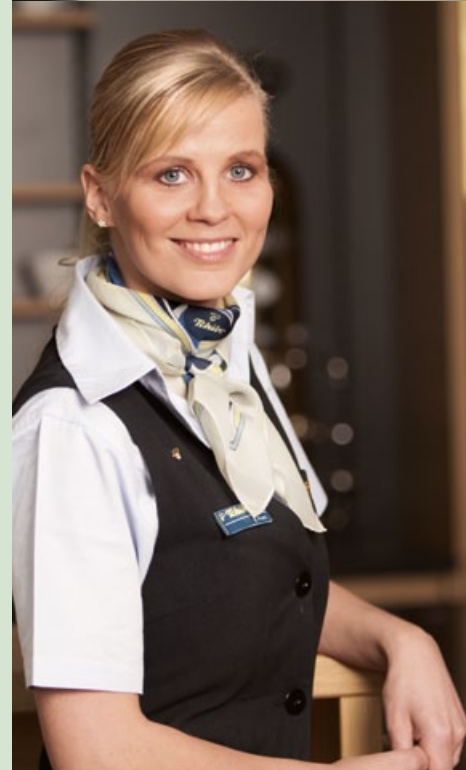
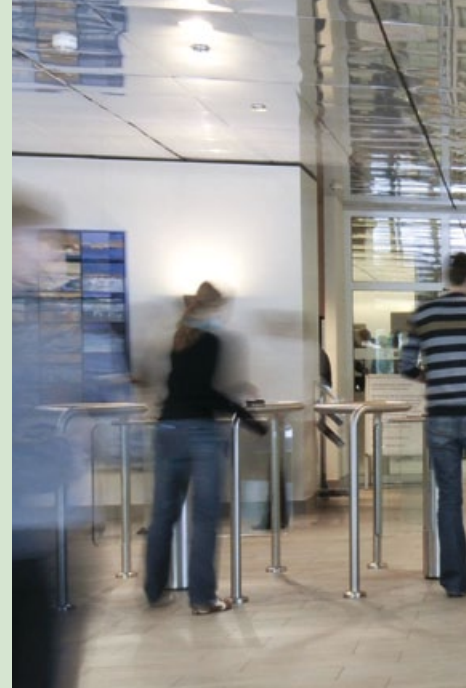
- 70 % of our managerial positions are filled with internal talent.
- Tchibo employees have spent over 40,000 hours on training courses within the Tchibo CAMPUS.
- 70 students take part in the Hamburg Company Tour every year to find out more about Tchibo.
- Over 250 young people have successfully completed training to become warehouse workers since 2000. An average of 70 people start an apprenticeship at Tchibo every year.
- A cross-company career programme was launched with Beiersdorf in 2016: 10 young professionals spend around two years working in different departments at both companies and assume responsibility on major projects.
- Around 40 school children take part in our annual Girls' and Boys' Day.

## DIVERSE INITIATIVES AND SERVICES FOR OUR EMPLOYEES

- Tchibo has been helping its employees to find places at day-care centres since 2006: 43 places are currently available.
- Balanced, healthy and sustainable: Every day, we provide the employees at our headquarters in Hamburg - and in the staff restaurants at our production and logistics sites - with freshly cooked meals, including a Veggie Day and climate-neutral dishes.
- We offer flexible working hours, home office jobs and sabbaticals.
- We help our employees to balance their workload and stay healthy, such as through exercise classes at our in-house leisure centre with swimming pool.
- Tchibo offers its own care services (e.g. group accident insurance, occupational pension scheme), jubilee bonuses, staff discounts, a monthly coffee allowance and public transport subsidies.
- We have a staff restaurant and cafeteria, as well as coffee pantries on all floors with a free range of coffee, tea, hot chocolate and mineral water for our employees.

## SOCIAL COMMITMENT

- As part of our social commitment, we marked the 25th anniversary of German food banks by donating 100,000 packages with consumer goods and coffee to around 1,000 food banks in Germany, supporting people in need throughout the country.



As part of ONE Tchibo, the CEO Letter was introduced by Thomas Linemayr at the start of 2017 to quickly provide employees with news, describe the latest company developments and discuss all relevant issues. The letter is posted every month on the Intranet, so that it can be accessed

by all employees wherever they are working.

Since August 2018, there has also been a monthly round table. These events provide a platform for Thomas Linemayr and other executives to discuss current issues with employees.

The meetings are always well received and fully booked well in advance. The aim is to understand where problems lie, to answer questions, to listen to concerns and worries and, if necessary, to help find a solution. The results are transparently documented and made available to all employees.

## Talent management: developing employees and getting new talent on board

We are fully aware of everyone's talent and potential at Tchibo, which is why we encourage our employees to develop and flourish even further – and to stay at Tchibo for many years. As part of our talent management, we have set ourselves the target of successively filling 70 % of all managerial positions with our internal talent. Training, further education and cross-divisional career opportunities therefore play a key role at our company. As we also firmly believe that a good relationship between managers and employees leads to the best development opportunities and outcomes, we see managers as our primary talent managers and staff developers.

To attract even more new talent to Tchibo, we are also intensively involved in recruiting. In addition to our exclusive events and exhibitions, we are increasing our use of social media and professional networks to reach a wide range of target groups. We always make sure our recruiters are specialists in their respective fields, so that they can engage with candidates on an equal footing and find the right employees for Tchibo.

*"Our guideline is 70/30: In the future, 70% of all positions on Levels 1-3 will be successively filled with internal talent".*

### Talent Navigator: professional guidance

Our talent management invites all current and potential employees to fully realise their potential and develop their skills to prepare for the right position at the right time with the help of our interlocking processes. This is made possible by our clear guidance and the support offered to specific target groups through our Talent Navigator.

The consolidation of job descriptions into cross-divisional, simple role profiles reveals potential career paths and development opportunities, offering better orientation for our employees and managers. Our job architecture is transparently displayed in our Talent Navigator alongside all the relevant information, making it an essential part of our HR work. It is stored on our digital talent management platform, myTrack, and so it can always be accessed by our managers,

employees and HR as part of our staff development.

### Giving feedback and revealing perspectives

TRACKS is our central instrument used to evaluate staff performance and potential, and we also use it to set and achieve targets. All Tchibo employees receive annual structured feedback on their performance and career perspectives, allowing them to actively control their own development. When setting new targets, our current focus areas always play a decisive role. In 2018, these were the strategic development of our non-food segment, integrated marketing and the implementation of ONE Tchibo.



**WENN TCHIBO WÜSSTE,  
WAS TCHIBO WEIß!**

## CAMPUS 2019



**\* NEU: kostenlose Lernangebote von Kollegen für Kollegen**

In diesem Jahr bieten nun auch Kollegen ihre Expertise in CAMPUS Sessions an. Das Wissen kommt direkt aus der Berufspraxis und ist damit rundum realitätsnah. Machen Sie mit! Als Teilnehmer oder Know-How-Anbieter. Wir freuen uns auf Sie.



**TCHIBO NETZWERKE\***

- CAMPUS Movie Night
- CEO Round Table
- Data Driven Breakfast
- Führungswerkstatt
- Lunch & Learn
- Reverse Knowledge Sharing
- Karriere Kompass

**ÜBER TCHIBO\***

- Besuch des Logistikzentrums Bremen + Gain
- Datenschutz, Arbeitssicherheit
- Finanzielle Unternehmensführung
- Tchibo Markenkafee
- Tchibo stellt sich vor

**TCHIBO IT Tools\***

- Analysis for Office
- GIT Basics
- Google Analytics
- Tableau - Elearning

**RUND UM DEN KAFFEE\***

- Kaffee-Basisseminar
- 1 Kaffee – 7 Zubereitungsarten
- Baristakompetenz erleben
- Besuch der Rösterei
- Einkauf und Handel
- Kaffee und Nachhaltigkeit
- Third Wave Coffee
- Unsere Tchibo Kaffees
- 2 in 1 Kaffee-Basisseminar und Röstereibesuch
- Kaffee Events – für Teams, Abteilungen oder Kunden

**DER KUNDE IM FOKUS\***

- Ein Tag im Tchibo Call Center
- Durch die Brille des Kunden
- Filialeinsatz
- Kunden „Hör-Bar“

**KOOPERATION MIT BEIERSDORF**

- Erfolg(-reich) im Job
- Ich und die Anderen
- Sinnvolles Selbstmarketing
- Training im Dunkeln: Veränderungen erleben
- Die Kraft der Improvisation

**FÜHRUNGSKRÄFTEENTWICKLUNG**

- 360° Feedbackprozess
- Leading People
- Wer fragt, führt
- Workshops/Teamentwicklung
- Leadership Transition Coaching

**KOMPETENZENTWICKLUNG**

- Agiles Mindset und Methoden
- Achtsamkeit
- Coaching
- Das Gemeinte im Gesagten
- Englisch
- Kanban Einführung
- Konzepte entwickeln und vorstellen
- Resilienz
- Verhandlungstraining
- Word, Excel, PowerPoint & Co
- Zielsicher trotz Seitenwind
- Zeit- und Selbstmanagement (Powerday)
- Zeitmanagement mit Outlook

professionals with sound experience in the fields of sales and marketing spent around two years in selected departments at both companies and assumed a great deal of responsibility on major projects. The aim was to present the participants with a cross-functional challenge to prepare them for a future project management role or another position at Tchibo or Beiersdorf in the field of sales and marketing.

### CAMPUS: fostering professional development

Tchibo CAMPUS is the central further training programme at our company. Our wide range of initiatives includes various development opportunities for employees and managers, and we actively encourage them to learn independently and constantly discover something new.

We are constantly looking to develop our Tchibo CAMPUS activities by focusing on current challenges and discussing these at our seminars and workshops. This has led to the development of the current topics “Agile Mindset and Methods”, “Introduction to Kanban” and “Mindfulness”.

Since April 2018, all employees and managers have also provided and received 360° feedback through the Tchibo CAMPUS programme. The 360° feedback provided by their employees, colleagues and/or external persons supports their own development. This process helps them understand how they view themselves and how they are perceived by others, so that they can



The core elements of TRACKS are the processes for the evaluation of performance and potential, and the processes involved in the definition and achievement of targets. All employees (apart from commercial staff, shop workers and shop managers) use TRACKS on our digital talent management platform, myTrack, based on our Talent Navigator role architecture and with updated key skills.

our annual Girls' and Boys' Day once again in 2018, inviting pupils aged 10-16 to our headquarters.

As part of our trainee programmes, we offer young people the opportunity to work for a few months at a Tchibo location abroad. In 2018, for example, a trainee from Group Controlling worked at our Swiss distribution company in Zurich, while another trainee from Group Controlling spent three months at our Czech headquarters in Prague.

In 2018, we held our first ever “Coffee Career Lounge” with 30 external students. Following a company presentation, some of our student trainees, interns and trainees presented their departments and fields of work in a speed dating format before answering questions at a subsequent get-together.



As part of the programme, ten young

In 2018, we continued the cross-company programme that



**Young talent programmes:  
developing the next generation**



We offer selected starting opportunities for young professionals who want to start their career at Tchibo, from internships and apprenticeships to dual study courses and trainee programmes. We also employ student trainees and supervise dissertations. And it seems to be working, as 16 % of all our employees in Hamburg are former young professionals who have progressed through these very programmes. Our initiatives even focus on interested school children; we held





improve and constantly streamline their teamwork.

We firmly believe Tchibo knows more than it knows, which is why we created the Lunch & Learn format in mid-2018 - an initiative developed by employees for employees. The lunch break is all about interacting and sharing knowledge. Every employee can present a topic involved in their work. One of our colleagues got the event under way with practical tips on the topic of "working within a network". This was followed by other topics like "sustainability" and "order management". As Lunch & Learn went down so well, we have decided to introduce even more free learning activities in 2019 for colleagues to exchange ideas and offer their expertise. This will allow them to share

their practical knowledge with others. It is a great opportunity to exchange experiences, forge cross-divisional cooperations and discuss new topics. Interaction is the focus of our new series of events, which includes films, expert panel discussions and short in-house formats. It all started at the end of February with the first ever



*Kerstin Schmitz, Project Manager at Tchibo, and Juliane Tern, Head of Digital Strategy & Projects, report on the new "Tchibo Hackathon" event format at Lunch & Learn.*

Tchibo CAMPUS Movie Night, where "Die stille Revolution" was shown, a film that deals with cultural change in the world of work. This was followed by a lively discussion amongst the viewers.

## Work-life balance

Our employees meet our high demands on a daily basis. The basis for their commitment and performance - and therefore the success of our company - is a working environment that promotes and maintains their health and allows everyone to establish a work-life balance. Our responsibility as a family business is to provide management methods, processes and support to allow our employees to maintain this healthy balance.

The aim of our occupational health management is to ensure all our

employees pay close attention to their health. That is why we not only take important

measures to ensure occupational health and safety, but also offer a comprehensive range of prevention and support initiatives for mental and physical well-being. Some of the topics covered include healthy eating, exercise, relaxation techniques and work-life balance.

We help parents to balance their professional life and family commitments by looking after their children, providing over 40 places at our partner day-care centres near our headquarters in Hamburg. In 2018, we continued our cooperation with kidz-playground by organising holiday camps - 50% of which was subsidised by Tchibo - to support parents with their childcare and financing.

We have also been working closely with pme Familienservice over the past few years to help our employees meet their daily family needs throughout their working life. We continued our cooperation with pme Familienservice in 2018 by hosting several events on the topic of work-life balance, including a seminar for parents-to-be under the heading "Parental Leave, Financial Support and Returning to Work".







# Key Performance Indicators





We continually measure our sustainability performance on the basis of meaningful key performance indicators. The figures testify to the progress we've made, but also point to necessary improvements, and thus form the basis for managing of our sustainability activities.

As in previous years, in 2018 we have decided to use key figures and key performance indicators (KPIs) to report on developments in our value chains and area of deployment in a transparent and fact-based manner. We use these to manage and further develop our sustainability activities and focus our reporting on the topics that are vital to Tchibo and our stakeholders.

The 2016 to 2018 indicators refer to the calendar year in each case, and to the sustainability-relevant business activities of Tchibo GmbH and sites in Germany. Our international subsidiaries are also covered provided they use centrally controlled processes. Beyond the indicators

for the Coffee and Consumer Goods businesses, the figures also include data on transport-related CO<sub>2</sub> emissions. No prior-year figures are shown for selected indicators which were fundamentally revised or surveyed for the first time in 2018. The purchasing and production numbers relate to the quantities purchased or produced in the year under review. For selected indicators that were fundamentally revised or collected for the first time in 2018, no prior-year values are reported. Other differing scopes of application, or indicators which were not available at the time of publication, or that are based on approximations, are noted accordingly. The figures are individually rounded, which may lead to minor deviations in the totals. Some KPIs are missing, as they were not recorded during the year in question.

Indicators from the 2017 calendar year that have been verified by an independent auditing body are marked with the verification symbol , while KPIs from the 2016 calendar year are marked with the verification symbol .

Value Chain - Coffee		Unit	2016	2017	2018
<b>Sustainable Coffee</b> Share of green coffee included in the Tchibo sustainability concept from the total amount of green coffee delivered to Tchibo roasting plants and third-party roasting plants for production during the reporting period. <sup>1</sup>	Total	%	36.3 	26.4 	29.7
<b>Tchibo Joint Forces!® Projects</b> Number of projects that have been carried out and/or completed within the Tchibo Joint Forces!® initiative since 2009.	Total	Number	13	16	16
Value Chain - Consumer Goods		Unit	2016	2017	2018
<b>Producers</b> Number of producers who made consumer goods for Tchibo over the main sales year (MSY).	Total	Number	700 	616	621
<b>SCoC Signed</b> Number of producers who have signed our Social and Environmental Code of Conduct (SCoC).	Total	%	100	100	100
<b>Direct Business</b> Share of directly purchased projects from all purchasing projects.	Total	%	72	76.4	78.9
<b>WE Producers</b> Number of producers who have participated in the Worldwide Enhancement of Social Quality (WE) qualification programme since 2007.	Total	Number	342	364	387
<b>WE Producers over MSY</b> Number of WE producers who made goods for Tchibo over the MSY.	Total	Number	202	197 	189
<b>WE Products</b> Share of purchasing projects carried out through WE producers.	Total	%	59.7	62.2	69
<b>WE Purchasing Volume</b> Share of purchasing volume produced by WE producers.	Total	%	66.7	70.1	72.7

<sup>1</sup> Since 2016, we have been reducing the amount of green coffee grades validated through the Common Code for the Coffee Community (4C), in order to channel the freed-up funds into the Mainstreaming Sustainable Coffee Production initiative.

Value Chain – Consumer Goods		Unit	2016	2017	2018
<b>WE Purchasing Volume in Countries of Risk<sup>2</sup></b> Share of purchasing volume produced by WE producers in countries of risk.	Total	%	71.9	72	76.4
<b>Production Countries</b> Share of purchasing projects per production country.	China	%	62.1	55.7	51.8
	Bangladesh	%	5	7.7	11.6
	Turkey	%	5.4	5.8	8.2
	Myanmar	%	0.7	1.9	5.3
	India	%	3.9	5	3.6
	Germany	%	5.3	6.2	3.5
	Other <sup>3</sup>	%	18.2	19.5	15.9
<b>WE Country Coverage</b> Share of purchasing projects carried out through WE producers in comparison to the total purchasing projects per production country.	Ethiopia	%	100	100	100
	Laos	%	100	100	100
	Myanmar	%	90.5	98.4	100
	Turkey	%	93.9	87.2	100
	Bangladesh	%	93.3	100	96.2
	Cambodia	%	93.9	91.9	91.2
	Pakistan	%	60.8	74	85.4
	China	%	62.9	66.5	71.6
	India	%	68.1	64.6	68.1
	Vietnam	%	57.3	31.4	61.1
<b>Number of Wet Processing Units</b> Upstream suppliers in the textile sector with a high consumption of water and chemicals (e.g. dyeing and finishing).	Total	Number	-	166	316
<b>Transparency Level of Wet Processing Units</b> Share of textile products with information available on the relevant preliminary stages.	Total	%	-	91	98
<b>Social and Environmental Audits by Type</b> Number of internal and external social and environmental audits conducted, broken down into types.	<b>Total</b>	Number	488	612	662
	Internal social and environmental audits	Number	361	379	271
	External social and environmental audits	Number	127	233	391
<b>Social and Environmental Audits by Country</b> Number of internal and external social and environmental audits conducted per production country.	<b>Total</b>	Number	488	612	662
	China	Number	332	401	490
	India	Number	36	46	49
	Bangladesh	Number	17	31	36
	Vietnam	Number	12	52	17
	Other <sup>4</sup>	Number	92	82	70
<b>Responsibly Produced Cotton</b> Share of textiles made of or with cotton produced according to the Organic Cotton, Cotton made in Africa, ECO-LOGIC Cotton or GOTS standards.	Total	%	80	80	86
<b>Sustainable Cellulose-Based Man-Made Fibres</b> Share of textiles with man-made cellulose fibres (viscose, Lenzing Modal®, Micro Modal® or TENCEL®) from responsible sources and produced in line with environmentally friendly standards in collaboration with Lenzing AG.	Total	%	81	78	78

<sup>2</sup> During the reporting period, we considered all production countries (please also refer to those listed under “others” below) apart from EU member states (except Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia), Israel, Japan, Switzerland, South Korea and the USA. These were excluded on the basis of a risk analysis, as there are other effective mechanisms to ensure compliance with social and environmental standards in these countries (e.g. functioning legal system, freedom of the press and stronger controls through public authorities).

<sup>3</sup> Others in 2016: 34 countries: AT, BA, CH, CZ, DK, EG, ES, ET, GB, HU, ID, IL, IN, IT, KH, KR, LA, LB, LK, LV, MM, MY, NL, PH, PK, PL, PT, RO, SK, TH, TN, TW, UA and VN; in 2017: 28 countries: AT, BA, CH, CZ, DK, EG, ET, FR, HU, ID, IL, IT, KH, LA, LB, LK, MM, MY, NL, PK, PL, PT, RO, TH, TN, TW, UA and VN; in 2018: 24 countries: AT, BA, CH, CZ, EG, ET, FR, HU, ID, IL, IT, KH, LA, LB, LK, NL, PK, PL, PT, RO, TH, TN, TW and VN.

<sup>4</sup> Others in 2016: 13 countries: CZ, ID, KH, LK, MK, MM, MY, PH, PL, RO, TH, TR and TW; in 2017: 19 countries: BA, BR, BY, CZ, DE, EG, ID, IT, KH, LK, MM, PH, PK, PL, RO, TH, TN, TR and TW; in 2018: 24 countries: BA, BG, BR, CZ, EG, GR, HU, ID, IL, IT, KH, LB, LK, MK, MM, MY, PH, PK, PL, TH, TN, TR, TW and ZA.



Value Chain - Consumer Goods		Unit	2016	2017	2018
<b>Wood and Paper from Responsible Sources</b> Share of products with a wood or cellulose component (except textiles) that are certified to the standards of the Forest Stewardship Council® (FSC®) or come from European sources (Germany).	Total	%	40 <sup>5</sup>	58	62
<b>Wood and Paper from Responsible Sources</b> Share of products with a wood or cellulose component (except textiles) that meet the FTS standard (traceability pursuant to the EU Timber Regulation).	Total	%	100	100	100
<b>Chrome-Free Tanned Leather</b> Share of leather products made of chrome-free tanned leather.	Total	%	100	100	100
Environmental Protection		Unit	2016	2017	2018
<b>Logistics<sup>6</sup></b>					
<b>Transport-Related CO<sub>2</sub>e Emissions<sup>7</sup> (Average)</b> CO <sub>2</sub> e emissions caused by the transport of Tchibo products in relation to ton-kilometres <sup>8</sup> .	Total	g/tkm	14.50	15.68	14.93
<b>Transport-Related CO<sub>2</sub>e Emissions (Absolute)</b> CO <sub>2</sub> e emissions caused by the transport of Tchibo products without volume adjustment.	<b>Total</b>	t	60,072 ✓	63,994	60,529
	Seagoing vessel	t	18,330 ✓	17,333	17,267
	Lorry	t	27,363 ✓	27,932	30,281
	Rail	t	4,229 ✓	5,709	5,478
	Plane	t	10,120 ✓	12,981	7,482
	Barge	t	30 ✓	39.82	21.83
<b>Reduction of Transport-Related CO<sub>2</sub>e Emissions</b> Drop in transport-related CO <sub>2</sub> e emissions compared to the base year of 2006.	Average CO <sub>2</sub> e emissions in g/tkm	%	-27	-20.6	-24.4
	Absolute CO <sub>2</sub> e emissions in t	%	-53	-50.2	-52.9
<b>Transport-Related CO<sub>2</sub>e Emissions by Mode of Transport</b> Share of transport-related CO <sub>2</sub> e emissions caused by each mode of transport.	Seagoing vessel	%	30.5	27.1	28.5
	Lorry	%	45.6	43.7	50
	Rail	%	7	8.9	9
	Plane	%	16.9	20.3	12.4
	Barge	%	0.1	0.1	0.04
<b>Sites and Shops<sup>9</sup></b>					
<b>Energy Consumption at Sites</b> Energy consumption at shops, the Tchibo main administrative offices in Hamburg, warehouses in Gallin and Neumarkt, and the roasting plants in Berlin and Hamburg.	<b>Total</b>	MWh	116,479	115,558	113,150
	<i>By energy type</i>				
	Electricity	MWh	53,786	53,223	48,438
	Gas	MWh	56,627	56,201	58,791
	District heating	MWh	4,883	4,626	4,626
	District cooling	MWh	1,183	1,295	1,295
	<i>By site</i>				
	Administration	MWh	11,293	11,268	11,268
	Shops	MWh	20,038	19,750	19,434
	Roasting plants	MWh	72,718	72,239	70,997
	Warehouses	MWh	12,430	12,301	11,450
<b>CO<sub>2</sub> Emissions from Energy Consumption at Sites<sup>10</sup></b> CO <sub>2</sub> emissions caused by energy consumption at our sites.	<b>Total</b>	t	44,310	43,976	42,090
	Electricity	t	28,345	28,161	25,629
	Gas	t	14,157	14,050	14,697
	District heating	t	1,455	1,378	1,378
	District cooling	t	352	386	386

<sup>5</sup> The KPI recorded for 2016 is an approximate value, as we revised our KPI recording and analysis methods at this point. It does not include the proportion of goods from regional sources for 2016.

<sup>6</sup> Due to the expansion of our climate assessment, we only had access to guide values at the time of publication. Data from our service providers has not been taken into account.

<sup>7</sup> CO<sub>2</sub> equivalents (CO<sub>2</sub>e) not only consider carbon dioxide, but also other greenhouse gases like methane and nitrous oxide.

<sup>8</sup> Ton-kilometres are a standard unit of measure for transport performance in freight traffic. They are calculated by multiplying the weight of the transported goods (in tons) by the distance travelled (in kilometres).

<sup>9</sup> The definitive energy consumption of the Tchibo central administrative offices was not available for 2018 at the time of publication, which is why the data for the central administrative offices has been taken from 2017.

<sup>10</sup> The CO<sub>2</sub> emissions have been calculated on the basis of the updated CO<sub>2</sub> emission factors outlined in the document "Development of Specific Carbon Dioxide Emissions from the German Power Mix from 1990 to 2017", as published by the Federal Environment Agency in November 2018. Gas, district heating and district cooling have been calculated on the basis of the CO<sub>2</sub> equivalent emission factors outlined in GEMIS 2015, taking into consideration the entire lifecycle (including transport and material requirements and excluding waste disposal).

Environmental Protection		Unit	2016	2017	2018
<b>Sites and Shops</b>					
<b>Electricity from Renewable Energy Sources</b> Share of electricity from renewable sources.	<b>Total</b>	%	100	100	100
	Administration	%	100	100	100
	Shops	%	100	100	100
	Roasting plants	%	100	100	100
	Warehouses	%	100	100	100
<b>Mobility</b>					
<b>Distances Covered on Business Trips</b> Total distance covered by Tchibo employees on business trips.	<b>Total</b>	km	27,956,197	27,361,712	23,434,735
	Company vehicles	km	14,456,564	14,113,787	12,234,286
	Plane	km	10,933,774	9,850,472	8,654,801 <sup>14</sup>
	Rail	km	2,264,834	3,096,428	2,378,042 <sup>11</sup>
	Hire car	km	301,025	222,493 <sup>12</sup>	167,606
<b>CO<sub>2</sub> Emissions Related to Business Trips</b> CO <sub>2</sub> emissions related to business trips taken by Tchibo employees. <sup>13</sup>	<b>Total</b>	t	3,749	3,548	3,530
	Company vehicles	t	2,400	2,292	2,105
	Plane	t	1,236	1,116	1,342 <sup>14</sup>
	Rail	t	74	102	62 <sup>11</sup>
	Hire car	t	38	28 <sup>12</sup>	21
<b>Fuel Consumption of Tchibo Fleet and Corresponding CO<sub>2</sub> Emissions</b> CO <sub>2</sub> emissions caused by the fuel consumption of the Tchibo car fleet.	CO <sub>2</sub> emissions	t	2,400	2,292	2,105
	CO <sub>2</sub> emissions (average)	g/km	113	110	109 <sup>15</sup>
	Fuel consumption	1,000 l	918	877	806
<b>Packaging and Waste</b>					
<b>Packaging Materials Placed on the Market</b> Volume of packaging materials brought into circulation by Tchibo.	<b>Total</b>	t	18,668	17,268	16,769
	Paper/cardboard	t	13,606	11,959	11,700
	Plastic	t	2,619	2,866	2,984
	Composite packaging	t	2,024	2,138	1,784
	Glass	t	386	275	269
	Aluminium	t	13	9	8
	Tinplate	t	9	9	12
	Other	t	11	12	13
<b>Waste at Tchibo Sites<sup>16</sup></b> Waste at Tchibo administrative offices, production sites and warehouses.	<b>Total</b>	t	10,501.79	11,163.55	8,424.66
	Paper/cardboard	t	6,289.90	6,171.91	5,303.48
	Municipal waste	t	1,505.88	2,000.77	927.31
	Waste from the production/ processing of foodstuffs	t	1,695.44	1,941.13	1,625.57
	Mixed packaging	t	198.61	182.22	449.08
	Plastic waste	t	126.93	159.04	291.25
	Bulky waste	t	61.97	55.37	4.70
	Wood	t	543.57	184.49	93.69
	Glass	t	0.00	60.76	40.64
	Metal <sup>17</sup>	t	-	-	120.13
	Used equipment	t	155.90	389.40	19.37
	Hazardous waste (pursuant to Waste Cataloguing Ordinance)	t	2.30	12.01	11.03
	Construction and demolition waste	t	1.42	6.45	0.67
	Other waste <sup>17</sup>	t	-	-	21.71

<sup>11</sup> Rail-based business trips have been reported without Tchibo Coffee Service GmbH for the first time.

<sup>12</sup> Over the last reporting run, the previous year's figures were mistakenly adopted from 2016. These values have now been corrected.

<sup>13</sup> The CO<sub>2</sub> emissions have been calculated on the basis of the CO<sub>2</sub> emission factors of service providers or the Federal Environment Agency.

<sup>14</sup> This figure cannot be compared with last year's figures due to a change in the recording of air miles.

<sup>15</sup> The average CO<sub>2</sub> emissions for 2018 have been reported without WLTP vehicles.

<sup>16</sup> We started working with a new waste disposal service provider in April 2018; the data available is therefore a projection on the basis of the values from April to December 2018. These are approximate values, as definitive data was not available at the time of publication.

<sup>17</sup> This data has been re-recorded since 2018 due to our collaboration with a new waste disposal service provider.

Environmental Protection		Unit	2016	2017	2018
<b>Waste at Warehousing Sites Operated by Service Providers<sup>18</sup></b> Waste generated at warehousing sites operated by service providers (Tchibo partners).	<b>Total</b>	t	6,573.25	8,035.51	4,497.47
	Paper/cardboard	t	5,241.13	6,272.35	3,522.67
	Municipal waste	t	546.01	483.24	507.79
	Waste from the production / processing of foodstuffs	t	0.00	0.00	0.00
	Mixed packaging	t	163.93	178.76	291.33
	Plastic waste	t	0.00	0.00	97.71
	Bulky waste	t	622.18	1,096.32	- <sup>19</sup>
	Wood	t	0.00	1.67	77.97
	Ceramics	t	0.00	0.00	0.00
	Used equipment	t	0.00	1.15	0.00
	Hazardous waste (pursuant to Waste Cataloguing Ordinance)	t	0.00	0.00	0.00
	Construction and demolition waste	t	0.00	2.02	0.00
	Hazardous waste	t	2.30	12.01	11.03
<b>Waste by Type and Disposal Method<sup>18</sup></b> Total amount of waste, broken down into hazardous and non-hazardous waste and disposal method.	Non-hazardous waste	t	17,072.74	19,187.05	12,911.10
	Composted	t	1,528.89	1,747.01	799.89
	Recycled	t	14,748.16	18,123.67	11,991.88
	Incinerated	t	725.86	939.31	129.76
	Landfilled	t	69.83	124.07	0.60
<b>Water</b>					
<b>Water Consumption</b> Annual water consumption at administrative offices in Hamburg and warehouses in Gallin and Neumarkt.	<b>Total</b>	m <sup>3</sup>	39,103	32,994	33,130
	Administrative offices	m <sup>3</sup>	32,011	25,721	26,743
	Warehouses	m <sup>3</sup>	7,092	7,273	6,387
Employees		Unit	2016	2017	2018
<b>Staff Structure</b>					
<b>Employees</b> The KPIs refer to both full-time and part-time employees, excluding interns, employees without the right to the continued payment of wages during leave, and employees on maternity or parental leave.	<b>Total</b>	Number	7,481	7,534	7,034
	Women	Number	6,024	6,018	5,570
	Men	Number	1,457	1,516	1,464
<b>Trainees and Apprentices</b> Number of apprentices and trainees by gender.	<b>Apprentices</b>	Number	145	196	208
	Women	Number	95	148	153
	Men	Number	50	48	55
	<b>Trainees</b>	Number	3	7	7
	Women	Number	3	5	5
	Men	Number	0	2	2

<sup>18</sup> We started working with a new waste disposal service provider in April 2018; the data available is therefore a projection on the basis of the values from April to December 2018. These are approximate values, as definitive data was not available at the time of publication.

<sup>19</sup> The figures for bulky waste are included in the KPI for municipal waste.



Employees		Unit	2016	2017	2018
<b>Staff Structure</b>					
<b>Employees by area of deployment</b> Number of employees, broken down into area of deployment and gender.	<b>Shops</b>	Number	4,612	4,481	4,086
	Women	Number	4,510	4,387	3,997
	Men	Number	102	94	89
	<b>Back office</b>	Number	2,396	2,563	2,495
	Women	Number	1,415	1,521	1,475
	Men	Number	981	1,042	1,020
	<b>Field work</b>	Number	279	287	252
	Women	Number	79	89	75
	Men	Number	200	198	177
	<b>Roasting plants</b>	Number	194	203	201
	Women	Number	20	21	23
	Men	Number	174	182	178
<b>Mitarbeiter nach Beschäftigungsverhältnis</b> Anteil der Mitarbeiter mit einem Vollzeit- bzw. Teilzeitvertrag, aufgeschlüsselt nach Geschlecht.	<b>Part-time</b>	%	65.7	64	63.2
	Women	%	96.1	95.6	95.6
	Men	%	3.9	4.4	4.4
	<b>Full-time</b>	%	34.3	36	36.8
	Women	%	50.8	51.9	51.1
	Men	%	49.2	48.1	48.9
<b>Employees by Employment Contract</b> Share of employees with a fixed-term or permanent employment contract, broken down into gender.	<b>Open-ended</b>	%	87.9	86.8	87.6
	Women	%	80.2	79.4	78.6
	Men	%	19.8	20.6	21.4
	<b>Fixed-term</b>	%	12.1	13.2	12.4
	Women	%	86.9	84.7	83.2
	Men	%	13.1	15.3	16.8
<b>Distribution of Salary Levels</b>	<b>Level 7-5</b>	%	54	53.6	53
	Women	%	56.9	57.5	56.8
	Men	%	43.1	42.5	43.2
	<b>Level 4</b>	%	36.7	37.5	37.9
	Women	%	54.7	55.1	56
	Men	%	45.3	44.9	44
	<b>Level 3-2</b>	%	8.3	8	8
	Women	%	39	38.1	35.6
	Men	%	61	61.9	64.4
	<b>Higher salary levels</b>	%	1	1	1.1
<b>Age Structure</b> Age structure of the entire workforce, represented in 3 age groups (< 30, 30-50, > 50) and broken down into gender.	<b>&lt; 30</b>	%	14.6	15.2	15.2
	Women	%	78.5	76.9	76.8
	Men	%	21.5	23.1	23.2
	<b>30-50</b>	%	50.8	49.5	49.5
	Women	%	79.5	78.6	78.7
	Men	%	20.5	21.4	21.3
	<b>&gt; 50</b>	%	34.6	35.3	35.3
	Women	%	82.9	82.9	83.2
	Men	%	17.1	17.1	16.8
<b>Nationalities</b> Share of German citizens, EU citizens and non-EU citizens.	German citizens	%	92.9	91.5	91
	EU citizens	%	3.9	5.1	5.8
	Non-EU citizens	%	3.2	3.4	3.2
<b>Employees with a Disability</b> Share of employees with a disability in the entire workforce, broken down into business units.	Tchibo GmbH	%	6.1	6.1	6.5
	Tchibo Manufacturing	%	12.2	7.4	6.5
	Average Share	%	6.3	6.2	5.9

Employees		Unit	2016	2017	2018
<b>Acquisitions and Departures</b>					
Recruitments Recruitments (excluding apprentices and trainees), broken down into age groups, gender and area of deployment.	<b>Total</b>	Number	1,019	1,188	796
	Women	Number	844	943	623
	Men	Number	175	245	173
	<i>By age group and gender</i>				
	<b>&lt; 30</b>	Number	513	574	386
	Women	Number	415	458	309
	Men	Number	98	116	77
	<b>30-50</b>	Number	435	494	346
	Women	Number	362	377	258
	Men	Number	73	117	88
	<b>&gt; 50</b>	Number	71	120	64
	Women	Number	67	108	56
	Men	Number	4	12	8
	<i>By area of deployment and gender</i>				
	<b>Shops</b>	Number	757	730	528
	Women	Number	696	683	487
	Men	Number	61	47	41
	<b>Back office</b>	Number	230	406	249
	Women	Number	139	244	130
	Men	Number	91	162	119
	<b>Field work</b>	Number	22	37	3
	Women	Number	7	13	3
	Men	Number	15	24	0
	<b>Roasting plants</b>	Number	10	15	16
	Women	Number	2	3	3
	Men	Number	8	12	13
<b>New Apprentices and Trainees</b> Number of new apprentices and trainees by gender.	<b>Apprentices</b>	Number	29	99	70
	Women	Number	18	80	51
	Men	Number	11	19	19
	<b>Trainees</b>	Number	2	5	3
	Women	Number	2	4	3
	Men	Number	0	1	0
<b>Fluctuation Rate</b> Staff departures in relation to the average number of employees, broken down into area of deployment and gender.	<b>Total</b>	%	10.9	10.2	11.8
	Women	%	10.9	10.2	11.6
	Men	%	10.6	9.2	12.5
	<i>By area of deployment and gender</i>				
	<b>Shops</b>	%	12.3	12	13.3
	Women	%	11.6	11.4	12.7
	Men	%	50.8	44.3	41.1
	<b>Back office</b>	%	8.9	6.9	10
	Women	%	8.9	6.9	8.8
	Men	%	8.9	6.9	11.8
	<b>Field work</b>	%	8.8	9.1	8.2
	Women	%	12.1	10.9	6.7
	Men	%	7.3	8.3	8.9
	<b>Roasting plants</b>	%	3	5.4	5.8
	Women	%	4.2	8.1	0
	Men	%	2.8	5	6.5

Employees		Unit	2016	2017	2018
Acquisitions and Departures					
Reasons for Leaving the Company Reasons for leaving the company, broken down into circumstances and gender.	<b>Resignations</b>	%	68	74.2	71.6
	Women	%	84.5	85.9	80.6
	Men	%	15.5	14.1	19.4
	<b>Amicable dissolutions</b>	%	25.8	20	23.2
	Women	%	77.2	75.9	77
	Men	%	22.8	24.1	23
	<b>Incapacity to work</b>	%	1.7	1.1	0.9
	Women	%	93.3	100	75
	Men	%	6.7	0	25
	<b>Death</b>	%	0.8	1.3	0.7
	Women	%	85.7	72.7	42.9
	Men	%	14.3	27.3	57.1
	<b>Unexplained departures</b>	%	3.8	3.5	3.5
	Women	%	70.6	51.7	66.7
	Men	%	29.4	48.3	33.3
Talent Management					
Training Hours <sup>20</sup>	Total	Hours	36,381	37,552.5	40,197
Employees Trained	Total	Number	3,524	4,484	4,284
Completed Training <sup>21</sup> Number of apprentices and trainees who have completed their apprenticeship or the trainee programme, broken down into area of deployment and gender.	<b>Total</b>	Number	25	34	48
	Shops	Number	15	21	38
	Back office	Number	8	11	8
	Field work	Number	0	2	0
	Roasting plants	Number	2	2	2
	Women	Number	19	24	40
	Men	Number	6	10	8
	<b>Total</b>	Number	167	166	168
Employees on Parental Leave Number of employees on full parental leave (i.e. without part-time employment).	Shops	Number	69	101	89
	Back office	Number	91	62	75
	Field work	Number	7	3	3
	Roasting plants	Number	0	0	1
	<b>Total</b>	Number	167	166	168
Integration after 3-Month Parental Leave Share of employees working at Tchibo after taking at least 3 months of parental leave.	<b>Total</b>	%	72	94	154
	Shops	%	74	100	84
	Back office	%	79	86	68
	Field work	%	43	80	1
	Roasting plants	%	-	-	1

<sup>20</sup> Training courses that took place locally at shops have not been taken into account.

<sup>21</sup> The apprenticeships completed at our sites in Gallin and Neumarkt have not been taken into account here.



Employees		Unit	2016	2017	2018
<b>Occupational Health Management</b>					
<b>Work-Related Accidents per 1,000 Employees</b> Work-related accidents per 1,000 employees (excluding minor accidents, occurring at our production sites, warehouses, shops and administrative offices).	Total	Number	25	24	20
<b>Days of Absence</b> Number of paid days of absence due to illness in relation to the average number of employees.	<b>Total</b>	Number	12.3	11.9	12.9
	Women	Number	12.8	12.5	13.7
	Men	Number	10	9.3	9.7
	<i>By area of deployment and gender</i>				
	<b>Shops</b>	Number	13.5	13.2	14.7
	Women	Number	13.5	13.2	14.8
	Men	Number	13.9	12.5	14.5
	<b>Back office</b>	Number	10	9.7	10
	Women	Number	10.5	10.5	10.7
	Men	Number	9.2	8.6	8.9
	<b>Field work</b>	Number	6.8	7.5	8.9
	Women	Number	8.5	10.8	13
	Men	Number	6	6.1	7
	<b>Roasting plants</b>	Number	17.6	15	14.6
	Women	Number	21.6	15.2	13.2
	Men	Number	17	14.9	14.8
	<b>Total</b>	%	4.8	4.7	5
	Women	%	5	5	5.4
	Men	%	4.1	3.8	4
	<i>By area of deployment and gender</i>				
	<b>Shops</b>	%	5.2	5.1	5.7
	Women	%	5.2	5.1	5.7
	Men	%	6.1	5.2	6.2
	<b>Back office</b>	%	4.4	4.3	4.4
	Women	%	4.8	4.8	4.9
	Men	%	3.9	3.6	3.7
	<b>Field work</b>	%	3	3.2	3.8
	Women	%	4.1	5	5.8
	Men	%	2.5	2.5	3
	<b>Roasting plants</b>	%	7.3	6.2	6.1
	Women	%	9.7	7.3	6.4
	Men	%	7	6	6.1
<b>Rate of Absence</b> Share of paid hours of absence due to illness in relation to total amount of target working hours, for a 12-month period.	<b>Total</b>	%	4.8	4.7	5
	Women	%	5	5	5.4
	Men	%	4.1	3.8	4
	<i>By area of deployment and gender</i>				
	<b>Shops</b>	%	5.2	5.1	5.7
	Women	%	5.2	5.1	5.7
	Men	%	6.1	5.2	6.2
	<b>Back office</b>	%	4.4	4.3	4.4
	Women	%	4.8	4.8	4.9
	Men	%	3.9	3.6	3.7
	<b>Field work</b>	%	3	3.2	3.8
	Women	%	4.1	5	5.8
	Men	%	2.5	2.5	3
	<b>Roasting plants</b>	%	7.3	6.2	6.1
	Women	%	9.7	7.3	6.4
	Men	%	7	6	6.1
<b>Work-Related Deaths</b> Number of work-related deaths across the entire workforce and the companies of independent contractual partners.	<b>Total</b>	Number	0	0	0



**We are far from perfect, but we want to continue improving and making an impact every year.**

Our aim is to establish better working and living conditions for the people in our value chains for coffee and consumer goods as well as to protect the environment.

That is why we set ourselves ambitious goals. At the end of each financial year we review whether we have achieved our goals, what we have learned and how we can improve: Building on this, we establish new goals.

Summary of Aims (2018-2021)	Deadline	Status
<b>Value Chain – Coffee</b>		
To develop Tchibo Joint Forces!® by integrating an optimised impact measurement system in our supply chain	2020	On Target
To purchase around 35 % of our green coffee from coffee farmers who are certified to recognised international standards (Rainforest Alliance, Fairtrade, UTZ and Organic) or validated according to the basic standard	2020	On Target
To develop the systemic programme, Mainstreaming Sustainable Coffee Production, in Brazil	2020	On Target
<b>Value Chain – Consumer Goods</b>		
To increase our share of responsibly cultivated cotton to 85% - of which organic cotton to 70% - (measured against the total volume of purchased cotton)	2018	Achieved
To ensure that 60 % of the wood products purchased during the sales year are certified to the standards of the FSC® or come from regional sources	2018	Achieved
To meet the requirements of the Detox Commitment	2020	On Target
To ensure that 80% of our non-food products are purchased from WE producers	2020	On Target
To establish a system for the payment of living wages and collective bargaining throughout the industry in all global production markets (ACT Initiative: Action, Collaboration, Transformation)	2020	On Target
To develop our strategic supplier programme, to systemically anchor fair purchasing practices in our procurement process, and to carry out reviews as part of regular due diligence	2020	On Target
To offer textiles that are made of or contain cotton procured entirely from sustainable sources	2021	New
<b>Environmental Protection</b>		
To cut the energy consumption at our storage sites in Gallin and Neumarkt by achieving a 15 % reduction in relative warehouse emissions compared to 2014	2020	Off Target
To cut emissions as part of our logistics strategy (Clean Cargo Working Group / Clean Cargo Scorecard) by achieving a further 10 % reduction in relative transport-related CO <sub>2</sub> e emissions (total from 2006 to 2020: 40 %)	2020	Off Target
To achieve a 30 % reduction in the amount of paper and cardboard used per sales unit in online B2B and B2C deliveries compared to 2014	2020	Off Target
To integrate closed-loop criteria in all our product categories to increase resource efficiency	2020	On Target
To ensure the recyclability of our consumer goods packaging	2020	New
To avoid the use of non-recyclable plastic packaging as much as possible (protective outer packaging will still be required for a limited amount of highly delicate materials)	2020	New
<b>Customers and Products</b>		
To expand our range of hardware products with recycled plastic	2018	Achieved
To introduce our first GOTS-certified collection of clothing for babies and children in combination with Tchibo Share	2018	Achieved
To further expand our range of textile products with recycled synthetic fibres such as polyester and polyamide	2019	On Target
To offer various bundles of products with recycled polyester and polyamide	2018	Achieved
Tchibo Share: To pilot a closed-loop business model to inspire sustainable consumption	2018	Achieved
<b>Employees</b>		
To establish a professional, needs-based and transparent talent management system that supports all employees equally and according to their individual capabilities and provides Tchibo with the right talent at the right time; to ensure that 70 % of all vacant Level 1, 2 and 3 positions (managerial and key positions) are filled internally	2020	Achieved

# Commitments and Memberships

## Commitments

- Accord on Fire and Building Safety in Bangladesh (since 2012)
- ACT on Living Wages (since 2014)
- Partnership for Sustainable Textiles (since 2015)
- Detox Commitment (since 2014)
- Fur-Free Retailer Programme (since 2013)
- United Nations Global Compact (UNGC) (since 2009)

## Memberships and Cooperation Partners

- Außenhandelsvereinigung des Deutschen Einzelhandels e.V. (AVE) / Foreign Trade Association of German Retailers (since 2009)
- berufundfamilie GmbH (since 2010)
- Biodiversity in Good Company (since 2012)
- Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e.V. (B.A.U.M.) (since 2008)
- Bundesverband E-Commerce und Versandhandel Deutschland e.V. (bevh) (since 1971)
- Bündnis für Verbraucherbildung (since 2013)
- Carbon Performance Improvement Initiative (CPI2) (since 2011)
- Clean Cargo Working Group (CCWG) (since 2012)
- Coffee & Climate (since 2010)
- Cotton made in Africa (CmiA) of the Aid by Trade Foundation (since 2007)
- German Society for International Cooperation (GIZ) (since 2008)
- Deutscher Kaffeeverband e.V. (since 1951)
- Ethical Trading Initiative (ETI) (2010-03/2018)
- Fairtrade (since 2008)
- FairWertung e.V. (since 2017)
- Forest Stewardship Council® (FSC®) (since 2010)
- Global Coffee Platform (since 2016)
- Global Organic Textile Standard (GOTS) (since 2014)
- Handelsverband Deutschland (HDE e.V.) (since 1974)
- IndustriALL Global Union/ACT on Living Wages (since 2014)
- Initiative Pro Recyclingpapier (IPR) (since 2008)
- Institute for Scientific Information on Coffee (ISIC) (since 1998)
- International Coffee Partners (ICP) (since 2001)
- Netzwerk Bioökonomie der Deutschen Umwelthilfe (since 2018)
- Organic Cotton Accelerator (OCA) (since 2016)
- Rainforest Alliance (since 2006)
- Save the Children (since 2012)
- Short Sea Shipping Inland Waterway Promotion Center (SPC) (since 2015)
- Social Accountability International (SAI) (2006-09/2018)
- Sustainable Agriculture Initiative (SAI) Platform (since 2005)
- Textile Exchange (since 2008)
- UTZ Certified (since 2011)
- Zero Discharge of Hazardous Chemicals Initiative (ZDHC) (since 2018)
- 4C Association (since 2004)

## CONTACT

# We would love to hear your feedback!

### Do you have any questions or suggestions regarding corporate responsibility at Tchibo?

Our responsible members of staff are always there to listen. You can contact us via email, by post or by phone. We look forward to hearing from you! If you have any questions, suggestions or complaints about products, orders or returns, please get in touch with our customer service team via email at [service@tchibo.de](mailto:service@tchibo.de).



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## IMPRINT

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Dr Jens Köppen, Dr Carsten Wehrmann

### **Chairman of the Supervisory Board**

Michael Herz

Published in July 2019



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Druck | ID 53249-1610-1003