



Cultivation
People
Environment
Processing
Education
Recycling



2017

Sustainability report



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About Tchibo

Tchibo represents with a unique business model. The company operates more than 1,000 Tchibo shops, approximately 22,300 concessions (Depots), and national online shops, in eight countries. Tchibo uses this multichannel to offer its customers – besides coffee and the Cafissimo single-serve system – weekly changing Non Food ranges and services such as travel and mobile communications. In 2016, Tchibo generated revenues of €3.3 billion with an international workforce of around 12,000 employees. Tchibo is the roasted coffee market leader in Germany, Austria, Poland and Czech Republic, and one of the leading e-commerce companies in Europe.

The family business founded in Hamburg in 1949 has won several awards for its sustainable business policy: the Business Ethics Award and Logistics Sustainability Award in 2012, and the German Federal Government as well as the European Commission's CSR Award in 2013. In 2016, Tchibo was awarded the German Sustainability Award as Germany's Most Sustainable Large Company.

Our Aspiration

As a family business, Tchibo is guided by the model of the 'honourable merchant': we think long-term and see it as an entrepreneurial duty to take responsibility for our actions. On our way to a 100% sustainable business, we therefore take into account the effects that our material processes and products have on human health and the environment, thus safeguarding our own economic success long-term.

We firmly believe that our business must not be conducted at the expense of people and the environment.



► About this report

Transparency and comparability

— GRI 102-2; GRI 102-3; GRI 102-4; GRI 102-5; GRI 102-50; GRI 102-52; GRI 102-56

In the Tchibo Sustainability Report 2017, we provide transparent and comprehensive information about our economic, ecological and socially responsible activities. This report is addressed at our internal and external stakeholders as well as the interested public.

Since 2006, sustainability has been an integral part of Tchibo's business strategy. We report annually on the actions taken and progress made in the sustainable management of our business. Our activities focus on the Coffee and Consumer Goods supply chains, on environmental protection at our sites and during transport, on customers and products, and Tchibo employees. The material issues were identified with the involvement of our stakeholders and continually fine-tuned based on targeted stakeholder consultations as well as additional analyses (see Stakeholder involvement and materiality).

Scope of reporting and data collection

All of the information in this report refers to the sustainability-related activities of Tchibo GmbH and its operations in Germany. This includes our company headquarters in Hamburg, our roasting plants in Hamburg and Berlin, and our warehouses. Our international business units are also included, provided they use centrally controlled processes and products.

This sixth, completely revised Tchibo Sustainability Report covers the developments in 2017 (1 January to 31 December 2017). We have also taken into account significant events and achievements up to the editorial deadline in March 2018, to ensure that the information is up to date. Since the publication of the first Tchibo Sustainability Report in 2008, we have reported on an annual basis, every two years in the form of a condensed update. The publication of the Tchibo Sustainability Report 2018 is scheduled for spring 2019.

Application of the GRI standard

Since 2008 our sustainability reporting has been based on the guidelines of the Global Reporting Initiative (GRI) standard, a globally accredited basis for comparability and transparency. This Sustainability Report 2017 marks the second time we are using the GRI standards, which became binding from 2018. The materiality of the report content played a key role in the revision of the standards. This is why in this report, we focus more on our key topics and particularly meaningful indicators than in previous years; this selection is based on an analysis of the


GRI standards that we conducted in 2017. The report corresponds to the 'Core Option' GRI Standards. We also report on other indicators that are related to Tchibo's own focuses in its sustainability management (see Stakeholder Involvement and Materiality). Since 2012, we have also taken into account the GRI additional protocol (pilot version) for the food industry, and the industry-specific supplementary indicators for the clothing and footwear industry.

Global Compact Communication on Progress and German Sustainability Code

This Sustainability Report includes the Advanced Level Communication on Progress to the UN Global Compact, whose ten principles we have been committed to since joining the Compact in 2009. Based on the 21 'GC Advanced' criteria, we provide information on key issues of our value chains, such as compliance with human rights and labour standards, environmental protection and anti-corruption.

The Tchibo Sustainability Report 2016 serves as the basis for our Declaration of Conformity in accordance with the Sustainability Code (DNK), issued by the Council for Sustainable Development (RNE). With this Code, the RNE seeks to make the sustainability performance of companies more stringently transparent and comparable.

External audit by auditing firm

The Sustainability Report 2017 of Tchibo GmbH, Hamburg was audited by the independent auditing firm Ernst & Young according to the International Standard on Assurance Engagements (ISAE) 3000. The subject matter of the audit was the management approach to, materiality of and two key indicators in our strategic action areas: Coffee and Consumer Goods value chains. The audited data is labelled with  in the text, in the GRI Content Index, and in the Overview of Key Indicators.

The complete audit certificate can be found at the end of this report.

Your opinion matters

If you have any questions or suggestions in connection with the Sustainability Report or with corporate responsibility at Tchibo, you can find the relevant contacts at the end of this report.

Foreword Thomas Linemayr

Dear Readers,

We live in turbulent times, and like the whole of society, companies are operating in an ever-changing world. The list of key megatrends is expansive and increasingly wide-ranging. In recent years, developments such as accelerated digitalisation and large-scale migration have been added to the existing trends such as globalisation, climate change and urbanisation. Such changes not only determine what we need to tackle, but also how we work, communicate, consume and live - worldwide.

As an international business, we're both directly affected by these changes, and also responsible for shaping them positively and harnessing their possibilities. We view their tremendous dynamism as an engine to drive development with innovative concepts and strong alliances, based on global and national guidelines. Back in 2009, we joined the United Nations Global Compact. The Sustainable Development Goals (SDGs), United Nations Guiding Principles on Business and Human Rights, and the National Action Plan on Business and Human Rights (NAP), adopted in 2016, are important cornerstones for us in terms of sustainable and profitable development.



In times of change, new challenges require new approaches. Not only do we need the courage to address our shortcomings in the industry and develop new solutions, but as companies we also have a social obligation to share knowledge and innovations with each other.

10 years ago, when we realised that respect for human rights in our consumer goods supply chain was not adequately guaranteed, despite established and recognised measures, and that it barely provided any improvement for people, we entered a new path; together with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), we developed a supplier qualification programme, which focuses on dialogue between all involved in the factories from which we source: managers, workers and Tchibo employees. Through the WE programme (Worldwide Enhancement of Social Quality), we're working on ensuring that employees in our global supply chains not only know their rights but are also supported in their pursuit thereof in a sustainable manner. Since the initial training sessions in our Chinese production facilities, we have not only gained experience and insights, but more importantly achieved an outreach to over 364,000 employees in over 360 factories across 11 countries. Over 75% of Tchibo consumer products are manufactured in WE factories.

We see it as our responsibility to share our achievements for the benefit of the entire industry and therefore also opening up the WE programme to other companies. The more we embody and manifest the underlying principles of dialogue, empowerment and co-creation through the WE programme, the more the people in the value-added chains will benefit from them.

Our consumers are at the heart of our business activities. We want to inspire them to act responsibly. This is why we are increasingly offering products made out of sustainable qualities. Take our premium coffees, for example, where we only use certified green coffee grades, as we do for our Cafissimo and Qbo capsule coffees too. In 2017, about 80% of the cotton in our textile and garment products was more sustainable. In fact, we are the third largest seller worldwide of organic cotton textiles. Our sustainable assortments have been further enriched by our closed-loop recycling concept. As part of this concept, we produce products from recycled materials that can be used for a long time and then returned to high-quality recycling.

In 2017, we took another decisive step to promote sustainable action among consumers. We were the first company in the mainstream market for garments to introduce a second-life rental service: Tchibo Share. Tchibo Share is rental service for baby and children's clothing made of sustainable materials. Not only are we making it easier for our customers to enjoy sustainable consumption, but with Tchibo Share, we're also holistically promoting the longest possible use of our products through a full closed-loop service.

Overall we have made progress in 2017 towards becoming a 100% sustainable business model, and this is largely due to our employees. Their commitment, energy and creativity are at the heart of our success. For that I would like to thank them very much.

I would also like to express our gratitude to our customers for placing their trust in us and honouring our commitment with their purchasing decisions.

In this sustainability report, you'll find a comprehensive account of the achievements, future measures and the latest developments in 2018. I wish you an informative and interesting read and I should be pleased to hear any suggestions and requests, as well as constructive feedback.

Kind regards
Thomas Linemayr

► **Aspiration, strategy and management**

Responsible Corporate Governance: Securing the future with a proven mission

— GRI 102-11; GRI 102-15

— Managementansatz: GRI 201; GRI 205; GRI 206; GRI 412; GRI 415; GRI 419

For over 65 years, the Hamburg family-owned company Tchibo has modelled itself on the ideal of the 'honourable merchant'. We think long term and see it as our entrepreneurial duty to take responsibility for our actions. Building on this principle, we made sustainability an integral part of our business strategy in 2006. We consider the impact of our business operations on people and the environment in our key processes and products, and thus safeguard our commercial success far into the future.

Enjoyment and quality are hallmarks of the Tchibo brand. To be able to continue delivering on this claim in the future, we have integrated sustainability in our business strategy, the Tchibo DNA, and in our Code of Conduct since 2006. We combine our pursuit of revenues and profit with ecological, social and societal responsibility, because an intact natural environment as the basis and source of high-quality products, respect for and compliance with human rights in the supply chain, reliable cooperation with responsible business partners, passionate employees, and the trust of our customers are crucial determinants of the future viability of our business.

In August 2011, we went a step further and set the following strategic core objective: Tchibo is on the way to becoming a 100% sustainable business. In line with this, we are progressively designing our business processes and products to be environmentally and socially compatible, because our commercial success must not be at the expense of people and the environment. We place particular emphasis on the areas where we have the greatest influence and thus the greatest possible leverage. We want the Tchibo brand to be synonymous with sustainability and to be perceived as such by our stakeholders.

In the firm conviction that a sustainable business safeguards our company's future, we will continue on our path with full strength. We follow international guidelines such as those of the Organisation for Economic Cooperation and Development (OECD), the core labour standards of the International Labour Organisation (ILO), the UN Guiding Principles on Business and Human Rights, and their implementation within the framework of the National Action Plan on Economic and Human Rights (NAP). As a responsible company, we want to continue making significant contributions to sustainable development and to achieving the Sustainable Development Goals (SDGs).

Doing business sustainably: experiences and insights from recent years

More than 10 years ago, we embarked on the path to becoming a 100% sustainable business. We have achieved a great deal since then: we have managed to set milestones and advance important issues. We identify challenges, tackle them, and work on innovative solutions together with our partners. In the past ten years, we have also experienced some mishaps or setbacks, especially when we came up against the limits of what we can do as a single trading company. But we draw valuable insights for the further development of our focus on sustainability from our successes as well as our setbacks. The experiences of the past ten years have strengthened our determination to continue pursuing the goal of becoming a 100% sustainable business and thus safeguarding Tchibo's future viability. To implement this goal, we have developed a management system and firmly anchored it in the company.

In dealing with the key sustainability issues, we also involve our stakeholders. Maintaining a dialogue with them is important in order to identify and evaluate key issues and expectations, and prioritise measures. This is the only way we can set the right course for the diversity and global dimension of the challenges. Accordingly, we have developed a roadmap setting out the key measures, and also clearly delineating the areas in which we can

achieve improvements as a single company – for example, through our WE (Worldwide Enhancement of Social Quality) qualification programme for our consumer goods producers and our Tchibo Joint Forces!® qualification programme for coffee farmers – and where we can only achieve changes in cooperation with other stakeholders.

Into the future with innovation and cooperation

This gave rise to two strategically important instruments, which we will increasingly focus on in future: cooperation and innovation. Cooperation in order to increase leverage and jointly develop solutions for systemic and structural challenges with other protagonists and stakeholders. Innovation, because ground-breaking new ideas and measures are needed in response to the depletion of resources, loss of biodiversity, climate change, demographic change and other global challenges.

Transparency is an essential prerequisite for implementing social and ecological standards in our value chains. Due to the small-scale supply chain, it is a great challenge to create transparency from cup to plantation and to promote better local conditions in the coffee value chain. Cooperation with reliable partners in the growing countries and in the supply chains is therefore indispensable for us. We maintain trustful and longstanding supplier relationships with exporters and dealers as well as cooperatives and individual larger farms. In the consumer goods supply chain, too, we are currently working to achieve even better transparency in the upstream stages of the supply chain.

Another important prerequisite for bringing about change and promoting sustainable consumption is to get our customers excited about sustainable products. We can only achieve this by offering a wide range of sustainable assortments, and credible and easily understandable product and process communications. We are working flat out on this.

Responding effectively to current and future developments

In 2017, Tchibo once again further developed its focus on sustainability – also with a view to current challenges in politics and society.

Exchange with stakeholders



In the process of bringing our business in line with economic, ecological, social and societal criteria, it is important for us to purposefully involve our internal and external stakeholders. We learn about different expectations, receive impulses and specific suggestions at an early stage and build up a trusting relationship with our stakeholders. That is why we are a member of the most important alliances and initiatives

and are often involved in innovation processes - both at company and societal level. In various events and forums, we have entered into an exchange with our stakeholders.

We entered into an exchange with our stakeholders at various events and forums. At the beginning of 2018, for instance, we hosted a panel discussion on our new Tchibo Share business model with around 25 journalists and bloggers. Former German Foreign Minister Joschka Fischer, Tchibo's Corporate Responsibility Director Nanda Bergstein, Greenpeace Germany boss Sweelin Heuss, and Hendrik Scheuschner, Managing Director of Tchibo Share's partner company kilenda, talked with our CEO Thomas Linemayr about the extent to which baby and children's fashion rentals are accepted in a mainstream market.

The panellists and press representatives agreed that Tchibo Share is an important pilot venture and at the same time a major social experiment. Because companies aren't the only ones who have to learn about and get used to sharing business models – consumers also have to change their behaviour when they rent clothes instead of buying them.

Voluntary commitments

As long there is no legal framework at European level for implementing ecological and social duty of care in the global supplier structures, we at Tchibo rely on voluntary commitments. We either fulfil them alone or in cooperation with other stakeholders or initiatives – depending on their level of complexity.

UN Global Compact

In 2009, we joined the United Nations Global Compact (UN), which links business, politics, labour [organisations], and civil society. As part of our membership, we are expressly committed to the ten principles of the UN Global Compact in the areas of human rights, labour standards, environmental protection, and the fight against corruption, and undertake to take them into account in our business processes.



WE SUPPORT

Global Coffee Platform

In 2016, Tchibo was involved in the founding of the Global Coffee Platform (GCP), a merger of the Sustainable Coffee Programme (SCP) and the 4C Association. The goal of GCP is to unite all the key players and initiatives in the coffee sector – private as well as public – in a global alliance to jointly address sector-wide issues. As part of the GCP, Tchibo plays an active role in shaping a sustainable coffee sector. At the beginning of 2017, a Memorandum of Understanding was signed with the German Federal Ministry for Economic Cooperation and Development (BMZ) regarding possibilities for cooperation.



Partnership for Sustainable Textiles

In 2015, we joined the Partnership for Sustainable Textiles initiated by Germany's Federal Minister for Economic Cooperation and Development. The aim of this alliance of companies, non-governmental and standards organisations, trade unions, business, and politics is to improve social and environmental standards across the entire textile value chain. Tchibo is active in all of the Alliance's working groups. In August 2017, as part of the Alliance, we published our 'roadmap' for 2017. It contains 15 measures that serve to further improve the environmental and working conditions in our textile supply chains.



Detox Commitment

In October 2014, we signed and published the Detox Commitment initiated by the environmental protection organisation Greenpeace. In doing so, we pledged to eliminate the use of undesirable chemicals in production processes, especially those of our textile suppliers, by 2020, and to create closed-loop material cycles. We are now implementing this ambitious goal step by step. Our extensive 'closed-loop' concept pursues the goal of closing material cycles, thereby conserving valuable resources while at the same time making consumption more sustainable. For us, this means that even at the product design stage, we develop our products in such a way that they can be produced with recycled or renewable resources as far as possible, that they are durable, and at the end of their useful life can be repurposed for high-end recycling.



Since the commitment was signed, we have reported annually on further developments in a DETOX progress report.

Accord on Fire and Building Safety in Bangladesh

In 2012, Tchibo was the second company in the world to sign the „Accord on Fire and Building Safety in Bangladesh“ and contributed to its coming into force, its improvement, and its ongoing implementation.



Framework agreement with IndustriALL Global Union und ACT

In September 2016, Tchibo became the first German trading company to sign an international framework agreement with the IndustriALL Global union. This idea is to make it easier for workers and trade unions in the factories to negotiate wages and benefits with factory owners and management. We also work with the IndustriALL Global Union and other international trading companies in the ACT (Action, Collaboration, Transformation) initiative to secure living wages and industry-wide collective bargaining between social partners in the global clothing industry.



Responsible consumption

We have also joined a voluntary commitment by business associations in Germany and Austria to stop providing free plastic bags. We have successfully implemented this since January 2016 in Germany. As a result, we were able to cut the number of single-use bags given out at our Tchibo shops in Germany by nearly 90% that same year, and by 80% in Austria. As second voluntary commitment, we have decided to systematically use reusable cups for 'coffee to go'. We introduced our own reusable cups solution for our coffee bars in the Tchibo shops, and are also participating in the trial phase of the Kehr wieder-Becher initiative to test the introduction of a deposit system for reusable cups in Hamburg city centre.



In 2018, we became the first major retailer to offer rentals of sustainably produced baby and children's clothing made of organic cotton, under the name 'Tchibo Share'. With Tchibo Share, we resolutely continue our holistic approach to achieving the longest possible product life and subsequent recycling: baby and children's wear made from organic cotton is reused as second-hand after rental, thus maximising its useful life.

For further information, see sections on Customers and products and on Environmental protection.

Tackling political and societal challenges

Tchibo addresses current political and societal challenges intensively, and derives specific measures for sustainability management based on this.

Sustainable Development Goals

Sustainability has been integrated into Tchibo Gmbh's corporate strategy since 2006. From the beginning, this has included our working towards the United Nations' eight Millennium Development Goals. In 2015, the United Nations formulated 17 Sustainable Development Goals (SDGs) based on the Millennium Development Goals.



We regard the SDGs as a global framework for our sustainability agenda, and seek to contribute to their fulfilment.

National action plan for business and human rights (NAP)

We see the Guiding Principles on Business and Human Rights adopted by the United Nations in 2011 as another formative development. Based on existing human rights commitments such as the International Human Rights Charter and the fundamental conventions of the International Labour Organisation (ILO), they for the first time provide a universally accredited frame of reference that imposes some of the responsibility for respecting human rights in global supply and value chains, and for preventing human rights violations, on companies. We are aware of this business responsibility and integrated respect for human rights into our business practices many years ago.

EU reporting obligation

The regulations implementing the EU Non-Financial Reporting Directive entered into force in 2017. Although the associated obligation of expanded non-financial reporting does not apply to us as a family-owned company, we will continue to provide transparent and comprehensive information on the results of our sustainability management. We follow the principle of transparent and comparable annual reporting that has been established at Tchibo since 2008. The present Sustainability Report 2017, which has been prepared in accordance with the standards of the Global Reporting Initiative, we also take into account the requirements of the Non-Financial Reporting Directive and thus contribute to the transparency of a sustainability-driven way of doing business.

Germany's New Packaging Act

The new German Packaging Act, which was adopted by the Bundestag and comes into effect in 2019, stipulates further recycling and reusability requirements for business. Together with the Handelsverband Deutschland (HDE), the German Industrial Plastic Packaging Association (IK), the Federation of German Food and Drink Industries (BVE), and our supermarket concession (Depot) partners and other companies, we proposed practical and sustainability-promoting regulations for packaging design, collection, licensing and disposal which are reflected in the legislation.

National Programme for Sustainable Consumption

The German Government's National Programme for Sustainable Consumption is meant to promote sustainable consumption in the areas of home living, mobility, nutrition, office and work, clothing, as well as tourism and leisure. The programme specifies goals and measures that are linked with existing strategies, funding programmes and regulations. The German Government also wants the programme to serve as a platform for social discourse on the evolution of consumer behaviour. Tchibo has for many years promoted responsible consumption by offering sustainable product ranges, and expressly welcomes the programme.

Corporate Citizenship

As a family-owned company and an active corporate citizen, we feel it is a matter of course to get involved and take responsibility beyond the limits of our own business activities.



In 2017, societal discourse continued to be dominated by the issue of refugee aid and the integration of displaced persons. This is a challenge of great relevance to global society that we tackled and responded to within the scope of our possibilities as a business. For example, we are involved in a three-stage action plan for displaced persons in the distribution countries Germany, Austria and Turkey: we provide internships and apprenticeships, enable our employees to volunteer their time for support activities at a refugee reception centre and a school, and supply relief organisations with donations in kind as needed.


► Sustainable Development Goals

Sustainable Development Goals: for sustainable global development

At its 2015 General Assembly, the United Nations adopted the Sustainable Development Goals (SDGs), which replace the eight Millennium Development Goals. 193 countries agreed on 17 goals, comprising 169 sub-goals. The SDGs combine the social, environmental and economic dimensions of sustainability. Their targets go far beyond the Millennium Goals, which are regarded as a global frame of reference for jointly combating poverty and hunger in industrialised, developing and emerging countries.

Their content provides a framework for action, among other things for ensuring a sustainable approach to the production of goods and development of services, for establishing fair incomes and wages, preserving the environment and biodiversity, safeguarding a secure food supply, for equality of women and men, and boys and girls, and for the right to education.

Sustainable Development Goal	Measures
 <p>The icon for Sustainable Development Goal 1, 'No Poverty', features a red square background. At the top left is a white number '1'. To its right, the words 'NO POVERTY' are written in white, uppercase letters. Below this text is a white silhouette of a family consisting of two adults and two children.</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Educational projects in the coffee producing countries (origins) for better living conditions • Appachi ECO-LOGIC Project • Tchibo Supplier qualification programme WE (Worldwide Enhancement of Social Quality) • Transparent and sustainable supply chain in Ethiopia: The Ayka textiles factory
 <p>The icon for Sustainable Development Goal 2, 'Zero Hunger', features a gold square background. At the top left is a white number '2'. To its right, the words 'ZERO HUNGER' are written in white, uppercase letters. Below this text is a white silhouette of a bowl with three wavy lines above it, representing steam or food.</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Educational projects in the coffee producing countries (origins) for better living conditions

Sustainable Development Goal	Measures
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Educational projects in the coffee producing countries (origins) for better living conditions • Sustainable resources and products • Appachi ECO-LOGIC Project • Framework agreement with the international umbrella union IndustriALL Global Union for freedom of assembly and the right to collective bargaining • Bangladesh Fire and Building Safety Accord • Industry-wide wage negotiations between equal social partners in the global initiative ACT (Action, Collaboration, Transformation) • Transparent and sustainable supply chain in Ethiopia: The Ayka textiles factory • Detox Commitment
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Educational projects in the coffee producing countries (origins) for better living conditions
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Educational projects in the coffee producing countries (origins) for better living conditions • Appachi ECO-LOGIC Project • Tchibo Supplier qualification programme WE (Worldwide Enhancement of Social Quality)
 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Sustainable resources and products • Appachi ECO-LOGIC Project • Detox Commitment

Sustainable Development Goal	Measures
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Tchibo Supplier qualification programme WE (Worldwide Enhancement of Social Quality) • Framework agreement with the international umbrella union IndustriALL Global Union for freedom of assembly and the right to collective bargaining • Bangladesh Fire and Building Safety Accord • Industry-wide wage negotiations between equal social partners in the global initiative ACT (Action, Collaboration, Transformation) • Transparent and sustainable supply chain in Ethiopia: The Ayka textiles factory • Detox Commitment
 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> • Industry-wide wage negotiations between equal social partners in the global initiative ACT (Action, Collaboration, Transformation)
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Sustainable resources and products • Appachi ECO-LOGIC Project • Closed Loop: From capsule to dish brush • Transparent and sustainable supply chain in Ethiopia: The Ayka textiles factory • Sustainability communications
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Sustainable resources and products • Closed Loop: From capsule to dish brush • Transparent and sustainable supply chain in Ethiopia: The Ayka textiles factory
 <p>14 LIFE BELOW WATER</p>	<ul style="list-style-type: none"> • Detox Commitment

Sustainable Development Goal	Measures
 <p>15 LIFE ON LAND</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Sustainable resources and products
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<ul style="list-style-type: none"> • Tchibo Joint Forces!® • Framework agreement with the international umbrella union IndustriALL Global Union for freedom of assembly and the right to collective bargaining • Bangladesh Fire and Building Safety Accord • Industry-wide wage negotiations between equal social partners in the global initiative ACT (Action, Collaboration, Transformation) • Detox Commitment

As an international trading company, we operate within global structures and take advantage of/benefit from/ make use of the global division of labour. Therefore, we consider it part of our corporate responsibility to make our contribution to the implementation of the SDGs. For us, the SDGs are particularly relevant in regard to product definition and the international value chains. With our environmental and social programmes in the key areas of our business, we not only safeguard the future viability of our company, but also contribute to the implementation of the global development targets, as the following examples demonstrate:

Sustainable product development: Coffee

On our way towards becoming a 100% sustainable business, we are supported in the coffee-growing regions by internationally recognised organisations that have pooled their expertise into environmental and social standards. In 2017, the share of certified or validated sustainable green coffee used for Tchibo products was 26.4%. With our Tchibo Joint Forces!® qualification programme, which we developed and introduced in 2012, we support smallholders in gradually transitioning from conventional to environmentally and socially acceptable and economically sustainable coffee farming. In cooperation with green coffee exporters and traders, standards organisations, governmental and other non-governmental organisations, coffee farmers are systematically supported with training and qualification modules. By 2017, qualification measures were carried out at more than 34,000 of the coffee farmers who are part of the Tchibo value chains in Central and South America, East Africa and Asia. Add to that around 50,000 farming households who are earning International Coffee Partners (ICP) qualification, with comparable focus areas. This already covers about one third of the coffee farmers who work for us all over the world. We will continue these programmes in future, and put them on an even broader base with development measures. Our interventions for sustainable product and process development of coffee contribute in total to eleven of the 17 SDGs. At the same time, we must emphasise the reduction of poverty and hunger, the promotion of healthcare and equality as well as measures for the protection of the climate and environment.

Sustainable product development: consumer goods

In Non Food, our focus in expanding our sustainable product ranges is on textiles made of cotton and viscose, and furniture and handcraft utensils made of wood and cellulose. We apply the environmental and social standards of internationally recognised organisations. In the sales year 2017, for example, the percentage of textiles containing cotton from certified or validated sustainable cultivation amounted to 80%. By 2020, we intend to use 100% sustainable cotton for our Tchibo cotton textiles. Tchibo is already the third-largest processor of organic cotton worldwide.

Besides using sustainable materials in our products, we are increasingly working to implement closed-loop concepts. We strive to use more and more recyclates in the production of our products, thereby conserving resources. Our closed-loop concept also includes implementing the targets of the Detox Commitment initiated by Greenpeace to detoxify the production of consumer goods and reduce water pollution. At this time, the main focus of our activities is on Chinese textile production.

Tchibo has consolidated its supplier pool in the predominantly Asian and eastern European procurement markets with a view to social acceptability, limiting it to suppliers with the best quality, delivery, environmental, and social performance. In this way, we increase transparency and our influence on the enforcement of social and environmental standards. We work closely with local producers as part of our WE (Worldwide Enhancement of Social Quality) supplier qualification programme, which was launched in 2007. Through a moderated dialogue between factory owners, management and employees as well as their representatives and Tchibo Procurement, our suppliers are supported in implementing comprehensive social and environmental requirements at their factories and, step by step, in the upstream supplier stages. 62% of Tchibo's consumer goods are already produced by WE qualified suppliers.

All in all, our interventions for the sustainable product and process development of consumer goods contribute to twelve of the 17 SDGs. The reduction of inequality through our WE qualification programme merits a special mention here.

► **National Action Plan**

National Business and Human Rights Action Plan: implementation of human rights due diligence

— GRI 102-16; GRI 102-17; GRI 408-1; GRI 409-1

As a values-oriented family-owned company, Tchibo integrated due diligence regarding human rights into its business practices many years ago. We firmly believe that our business activities must not be at the expense of people and the environment.

On 21 December 2016, the German government adopted the National Action Plan on Business and Human Rights (NAP). The aim of the Action Plan is to implement the Guiding Principles on Business and Human Rights unanimously adopted by the United Nations in 2011. The UN Guiding Principles do not create any new human rights standards or contain any additional obligations in international law but are based on existing binding and non-binding human rights instruments, such as the United Nations International Human Rights Charter and the core labour standards of the International Labour Organisation (ILO). The UN Guiding Principles formulate requirements for governments and business on national and international level. For the first time, they provide a frame of reference that makes companies, as well as governments, responsible for respecting human rights in global supply and value chains, and for preventing human rights violations. The UN Guiding Principles were developed under the aegis of former UN Special Representative Prof. John Ruggie and with the participation of state and private protagonists.

In the NAP, for the first time the German government, too, enshrines the responsibility of German companies for respecting human rights within a defined framework. It formulates clear expectations based on the three pillars of the UN Guiding Principles: Protect, Respect, Remedy. Following these three pillars, it is the state's task to protect human rights. Companies have a responsibility to respect human rights and to establish the necessary management structures. Grievance mechanisms should be established to redress human rights violations.

The process by which companies are to orient themselves in the implementation comprises the following five core elements:

- Draw up a human rights policy statement
- Develop procedures to identify actual or potential adverse impacts on human rights in their value chains
- Implement measures to avert potentially adverse impacts and review of the effectiveness of these measures
- Establish grievance mechanisms
- Ensure regular reporting

Declaration of Principles regarding Respect for Human Rights

As a values-oriented family-owned company, Tchibo integrated due diligence regarding human rights into its business practices many years ago. Our business conduct is guided by globally 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. The main international conventions and principles are laid down in the Tchibo Code of Conduct (CoC) and serve as a guideline for all Tchibo employees. The minimum requirements for working conditions and environmental standards defined in the Tchibo Social and Environmental Code of Conduct (SCoC) apply to the producers of our consumer goods.

In May 2018, we reaffirmed our position on corporate responsibility for respect for human rights in a policy statement in which we commit ourselves to respect human rights based on the UN Guiding Principles: companies have a responsibility to respect human rights in their global value and supply chains and to prevent human rights violations, while it is the duty of the state to protect human rights.

We implement our human rights due diligence in the consumer goods and coffee value chains on two levels: on the one hand, we are directly involved at the level of the factories and coffee farms, and on the other, we engage in initiatives and alliances throughout the industry to initiate systemic changes and improvements.

Procedures to identify actual or potential adverse impacts on human rights

Our goal is to avert potentially adverse effects of our business activities on human rights. To achieve this, we must first identify which risks exist at what points in the value chains.

This is why we regularly carry out comprehensive analyses in our consumer goods value chain, based on which we develop strategies and measures to respect human rights and prevent human rights violations. The focus is on our cooperation with existing producers and the awarding of contracts to new producers. We prioritise factories with regard to their respect for human rights and culture of dialogue between managers and employees. One important instrument for identifying and counteracting human rights risks at suppliers with whom we have been working for a long time is our WE (Worldwide Enhancement of Social Quality) qualification and dialogue programme for suppliers. Through dialogue with management and employees, we gain a deeper insight into the everyday life of the factories. If we identify risks there, we can work with the people on site to take targeted measures to mitigate risk and introduce improvements, such as higher occupational safety standards.

At industry level, we work together with other stakeholders in multi-stakeholder initiatives that jointly establish prevention programmes and achieve significant changes for the entire industry.

It is more difficult to systematically identify human rights risks in the Coffee sector. To this day, there has only been limited transparency in the supply chain worldwide. It is often difficult to trace which individual coffee farmers have grown and harvested our green coffees. Depending on the country of origin, the beans for a single container may have been supplied by several thousand farmers. Tchibo also sources its green coffees from various countries in Central and Latin America, Africa and Asia. In these areas around the equator, coffee is

grown under widely differing working conditions. That is why we consider it our essential task, together with all stakeholders in the coffee supply chain, to create greater transparency right to the origin, and thereby identify the main abuses of human rights. In this way, for example, we were able to obtain specific indications of illegal child labour on coffee fields in Guatemala. So that is precisely where we start: Together with the Coffee Care Association and Save the Children, the world's largest children's rights organisation, we are promoting education and care for the children of migrant workers and harvesters in various regions of Guatemala.

Measures to avert potentially adverse impacts and review of the effectiveness of these measures

Consumer Goods value chain

To avoid and prevent potentially negative effects of our business, we take measures at two levels: on the one hand at the factory level, and on the other at industry level.

Cooperation with our producers is based on the Tchibo Social and Environmental Code of Conduct (SCoC), which forms part of all purchasing contracts and obligates suppliers to comply with the minimum working conditions and environmental standards we define. Before awarding a contract, we audit producers to check whether they meet our requirements. The contract is only awarded if the audit proves that all requirements have been met.

Our aim is to improve and ensure respect for human rights and working conditions at our factories long term. Together with the German Society for International Cooperation (GIZ) and the Federal Ministry for Economic Cooperation and Development (BMZ), we therefore developed the WE dialogue programme in 2007. It helps local producers to be aware of and respect human rights, identify problems in their operations and gradually improve working conditions.

The WE programme has already enabled us to achieve a great deal with our producers: for example, getting them to take the initiative to implement occupational health and safety measures, or develop more performance-related remuneration. But we also see where we come up against our limits in the factories. Urgent human rights requirements such as living wages, freedom of assembly, and the ban on forced labour cannot be resolved at the level of individual producers – which is why we are engaged in industry-wide initiatives and alliances for systemic change.

One important step on this path was the signing of our global framework agreement with the IndustriALL Global Union in 2016. The agreement gives the employees of our consumer goods suppliers a robust instrument empowering them to form or join democratic trade unions. The idea is to make it easier for them to negotiate wages, social benefits, and working hours with their employer or across the industry. Pilot projects were successfully initiated in Myanmar and Turkey in 2017.

To address systemic challenges, we are engaged in sector-wide alliances, such as the Alliance for Sustainable Textiles, the ACT on Living Wages initiative, and the Accord on Fire and Building Safety in Bangladesh. Significant progress has been made within the framework of the Accord, for example: five years after it was concluded, around half of the 1,600 factories in which members of the Accord have their products produced are considered safe. (Read more about our commitment to the Consumer Goods value chain in the same-named chapter)

Coffee value chain

In the coffee value chain, too, we believe it is essential to develop solutions at farm and sector level. Since 2008, we have been purchasing certified and validated coffee qualities from internationally recognised standard organisations such as Fairtrade, Rainforest Alliance, UTZ and the 4C baseline standards in the growing regions relevant to us. The certifications are based on human rights reference instruments, including the ILO core labour standards. In addition, our Tchibo Joint Forces![®] training programme supports coffee farms in their gradual

conversion from conventional to environmentally and socially compatible coffee farming. To counteract illegal child labour in Guatemala, we have been supporting educational projects and childcare facilities in various coffee-growing regions of Guatemala since 2011. In 2017, we also launched the multi-stakeholder initiative Mainstreaming Sustainable Coffee Production, in which we intend to tackle complex systemic challenges together with governments, industry players and civil society. (Read more about our commitment to the coffee value chain here in the same-named chapter)

Employees

Our employees are responsible for respecting human rights in their working environment. This is based on the Tchibo Code of Conduct (CoC) introduced in 2007, which we updated in 2017. In our CoC, we have established guidelines for ethical business practices, fair conduct and full compliance with the law. These are binding for all employees of Tchibo GmbH and the international business units. They governs our dealings with business partners and customers and provide guidance in day-to-day business. We have defined important values of our company in the form of 13 basic rules. The CoC is based on the ILO's core labour standards. It prohibits all forms of corruption, and granting or accepting of an undue advantage. If an employee violates any of the principles, they face sanctions under labour law.

All managers regularly confirm that they have understood and complied with the rules of the CoC, explained them to their staff and have reported any breaches they have become aware of. They also sign that they verify compliance with the CoC. Each new employee receives a copy of the CoC. We inform our employees about new developments via the intranet as well as directly, through their supervisors. Compliance with the requirements of the CoC is verified in internal audits by the Group auditors of maxingvest ag. A whistleblowing hotline operated by an independent body serves as an anonymous point of contact so that employees, suppliers and customers can report possible cases of misconduct.

Respect for human rights has a high priority in our corporate culture and thus in our everyday dealings with one another. We offer all employees equal opportunities and reject all forms of discrimination based on age, gender, background, sexual orientation, religious belief, physical constitution and other personal characteristics. We maintain an open, appreciative dialogue, and create opportunities for participation. (Read more about our employee commitment in the same-named chapter)

Customers

We also incorporate human rights due diligence in our customers' data protection, the details of our advertising, and in our product labelling. For example, in advertising we ensure that we do not discriminate against anyone, and in advertising communications we adhere to the principles of competition law. (More on this in the Customers & Products section)

Establishment of grievance mechanisms

It is important for us to know when, how and where violations of human rights principles have occurred, because only then can we take appropriate countermeasures. We have therefore established various grievance procedures so that employees and external parties can alert us to possible or actual violations of human rights, and we can identify and reduce potentially negative effects of our business activities at an early stage.

Our SCoC obligates producers of our consumer goods to set up grievance procedures for employees and/or their representatives. In addition, our WE dialogue programme creates the space and opportunity for employees to address shortcomings openly and critically, and to work together with management on improvements. We inform employees about their rights, encourage them to exercise them, and support them in demanding these rights. So the local human rights experts who organise the WE programme at the factories act not only

as trainers but also as moderators and facilitators of dialogue and processes. Being at the local factories regularly and over a longer period of time, they build up the necessary trust among the employees so that they are the first point of contact to flag possible human rights violations. A solution can then be worked out together with the factory managers.

In our collaborations with stakeholders, we are working on establishing grievance mechanisms in the supply chain. Under our international framework agreement with the IndustriALL Global Union, we make particular efforts to assert the right of employees to form trade unions. This gives them a structure in which human rights violations can be prevented and grievances resolved directly on-site. As part of the Accord on Building and Fire Safety in Bangladesh, we worked with trade union representatives, members of NGOs and trading companies to establish a cross-factory grievance system.

We also accept complaints directly. Complaints can be addressed anonymously to Tchibo directly via NGOs and IndustriALL as well as via the email address socialcompliance@tchibo.de. The email address is noted in our global framework agreement and in the SCoC. Our producers are required to disclose this information to all employees, along with the Code of Conduct.

Regular reporting

We believe that transparency is an important prerequisite for advancing the implementation of human rights due diligence on a broad scale. That is why we have, for many years, reported openly on progress as well as on obstacles on the path to becoming a 100% sustainable business in our Sustainability Reports. In the Sustainability Report 2017, for the first time we are devoting a separate section to our implementation of human rights due diligence, to demonstrate how we meet our responsibility to protect human rights in the context of the NAP. We will continue to keep you informed about our commitment to respect and uphold human rights in our annual Sustainability Report.

► Organisation & management

Clear guidance: Our sustainability management system

GRI 102-18



We follow three principles in the sustainable design of our products and processes at our company and in our supply chains:

Our Code of Conduct forms the ethical ‘basis for doing business’ for all employees, no matter their hierarchy. In it, among other things we commit to full compliance with the law and transparency, as well as to continuously improve the ecological, social and societal aspects of our business processes.

Building on this, in the Tchibo DNA we make the following pledge: we take responsibility for the ecological and social repercussions of our actions.

In putting the guidelines into practice in our operations, we concentrate on the products and processes that have the biggest impact on people and the environment, and where our company is most able to exert influence.

For employees: Code of Conduct (CoC)



The Tchibo Code of Conduct (CoC) contains the guiding principles that govern our business activity. It is binding for all employees of Tchibo GmbH and the international business units, and also governs our dealings with business partners and customers. The CoC is based on the following international guidelines and standards:

- the UN Guiding Principles on Business and Human Rights
- the United Nations (UN) Declaration of Human Rights
- the conventions of the International Labour Organisation (ILO)
- the United Nations (UN) Convention on the Rights of the Child
- the guidelines of the Organisation for Economic Cooperation and Development (OECD) for multinational enterprises

The CoC prohibits all employees from engaging in any forms of corruption, and granting or accepting of an undue advantage. If an employee violates any of the principles, they face sanctions under labour law. In 2017, we updated the Code of Conduct to help employees better understand its underlying guidelines, and make them easier to apply.

For suppliers and business partners: Social and Environmental Code of Conduct (SCoC)

The Tchibo Social and Environmental Code of Conduct (SCoC), which we developed in cooperation with stakeholders, forms the basis of work with Non Food business partners. It mandates lawful and ethical conduct for our suppliers, business partners and service providers. Among other things, it defines minimum requirements for working conditions and environmental standards in the production of our consumer goods, and is the basis of all

purchasing contracts. In 2016, we revised and supplemented the SCoC to reflect our increased environmental requirements as well as various voluntary commitments. These include our Detox Commitment and our participation in the Partnership for Sustainable Textiles.

In the preamble of our SCoC, we have expanded the principles we orient ourselves by: besides the Rio Declaration of 1992 and the United Nations Guiding Principles on Business and Human Rights, we explicitly recognise the ILO Declaration of Principles on Multinational Enterprises and Social Policy, the principles of the United Nations Global Compact, and the OECD Guidelines for Multinational Enterprises. We share the vision of a sustainable future as set out in the United Nations 2030 Agenda for Sustainable Development, and are working to implement social and environmental standards in our supply chains.

Since 2006, the SCoC has codified the ban on child labour as defined by the ILO conventions. In 2016, we intensified the requirements our suppliers must meet in the event of impermissible child labour: if impermissible child labour is detected at a factory, the supplier is required to take remedial measures and preventive measures, and to document them in a traceable manner for future reference.

With regard to our Detox Commitment, we have added an environmental requirement to the SCoC: All factories that produce consumer goods for Tchibo must have an effective Chemicals Management System (CMS) in place. It must document the entire lifecycle of chemicals, including their purchase, storage, transportation, use, safe disposal, and release of chemicals respectively.

Firmly anchored: responsibilities, key objectives and topic management

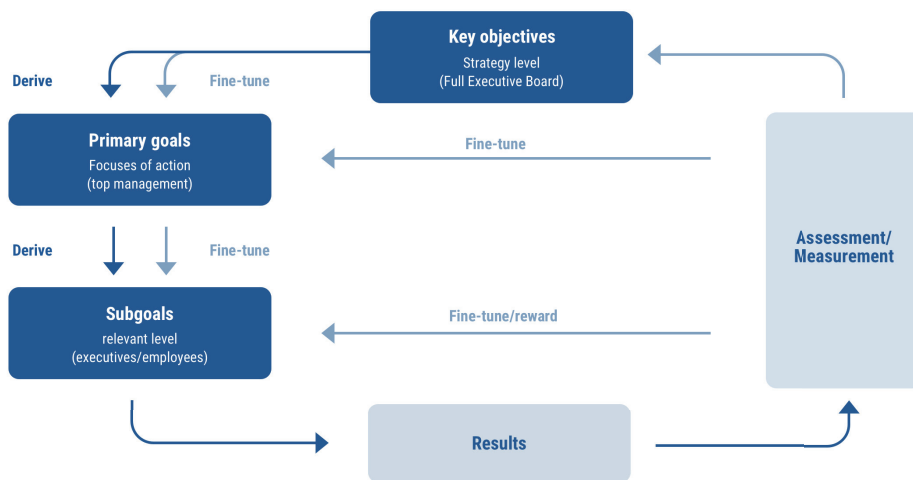
Sustainability management is integrated into all departments and anchored at all levels in our company. Its overall coordination and management is in the hands of the Corporate Responsibility directorate, which was created in 2006. Our Corporate Responsibility Director reports directly to the Chairman of the Board and, together with her employees, supports the departments in implementing and further developing their sustainability goals. The Corporate Responsibility directorate also coordinates higher-level and department-specific stakeholder management.

	Setting targets and adopting targets/interim targets	Measures and projects to achieve targets and interim targets	Review, including reporting	Communication	External communications on sustainability	Data protection	Issues Management/ risk management
CEO	●		●	●	●	●	● (information)
Management	●		●			●	● (information)
Supervisory Board	● (information)		●			● (information)	● (information)
maxingvest ag	● (information)		●			● (information)	● (information)
Works council	●		●			●	● (information)
Product departments	●	●	●	●		●	
Processes/Sales departments	●	●	●	●		●	
Logistics	●	●	●	●		●	
Legal department	●	●				●	●
HR department	●		●			●	
Corporate communication/ other functions		● (support)		●			● (Information/collection)
Working groups	●	●				●	
Corporate Responsibility department	●	●	●	●	●	●	●

Keeping in mind the overall strategic goal of 'Tchibo on the way towards becoming a 100% sustainable business', the departments develop guidelines for necessary processes of ecological and social transformation. To achieve these key objectives, each department formulates sub-goals and develops measures for their implementation. Integrated into the company-wide target system, the departments' key objectives and sub-goals and their fulfilment also affect the fixed and variable components remuneration of employees across all hierarchical levels.

Each year, the Corporate Responsibility directorate checks the extent to which the departments' sub-goals have been achieved, and reports the results to the Chairman of the Management Board (CEO) - after consultation with the departments. If necessary, the targets for the following business year are adjusted, and new targets are adopted.

By continuously collecting and evaluating key performance indicators in our sustainability management system, we can systematically manage our sustainability efforts across all departments.



► Compliance

Ensuring legal compliance: guidelines for responsible conduct

— GRI 102-16; GRI 102-17; GRI 412-3

Legal compliance is ensured at all levels of Tchibo. The basis for this is the Tchibo Code of Conduct (CoC), which we updated in 2017. It is binding for all employees of Tchibo GmbH and the international units, and regulates their dealings with business partners and customers. The CoC is based, among other things, on the core labour standards of the International Labour Organisation (ILO), and on international guidelines such as those of the OECD and the United Nations on business and human rights. For example, it prohibits any form of corruption, granting or taking of advantages. If an employee violates one of these principles, he or she is subject to sanctions under labour law.

We regularly train our managers in dealing with the Code of Conduct. The managers also regularly confirm in writing that they have understood and complied with the rules of the CoC, and have reported any violations that have come to their attention. They also sign an assurance that they have explained the CoC to their staff and that they are monitoring compliance with the CoC. Each new employee receives a copy of the CoC. We inform our employees about developments – on the intranet and directly through their supervisors.

Compliance with internal and external requirements is monitored by maxingvest ag's Group Auditing department in internal audits. We offer employees, suppliers and customers the opportunity to point out possible misconduct by phone (whistleblowing), via an anonymous contact option operated by an independent body. If necessary, the information received is forwarded anonymously to the Compliance Committee as an internal investigative body. The Compliance Committee consists of various division heads of maxingvest ag and Tchibo GmbH as well as the Chairman of the Works Council. Grievances can also be brought to the attention of the works council, the human resources department, the legal department, the corporate responsibility department and the corporate audit department.

Compliance Management System

We have now structured the company's many compliance activities to date in a Compliance Management System (CMS) based on the PS 980 standard of the Institute of Auditors (IDW). The compliance organization is responsible for the details of the CMS. It develops Group-wide standards and guidelines, supports and facilitates measures and processes in the divisions, and advises the latter.

Our CMS is divided into seven core elements that interact with each other: Compliance culture, compliance goals, compliance risks, compliance programme, compliance organisation, compliance communications, compliance monitoring and compliance improvement. The CMS provides a solid framework for ensuring that ethical and legal conduct is implemented across the Tchibo Group. The compliance programme – as part of the CMS – comprises principles and measures designed to reduce compliance risks. It accordingly includes preventive measures (regulations and sensitisation), compliance monitoring, responding to misconduct, and ongoing system improvement, e.g. as a result of self-assessments. One essential aspect is its integration into the company's processes.

Identify and prevent: risk management

Our business is subject to various risks – e.g. from currency fluctuations or environmental incidents that can have an impact on commodity prices. As part of our integrated risk management system, we identify these risks and take preventive measures to limit them. We make a fundamental distinction here between company risks and supply chain risks.

We carry out risk inventories to take stock of all material risks. This includes compliance risks that may arise from non-compliance with legal requirements. In the 2018 reporting year, compliance risks are the main focus of our risk management.

We break down risks into a risk cluster with three categories: short-term operational risks, one-off risks, and strategic risks. Within these categories a further differentiation is made. Risks that are acutely threat-ening are immediately reported to the management at the time they occur, to quickly control potential threats. An update on the development of risks is incorporated into Tchibo's steering and planning systems several times a year. The Internal Audit department reviews the effectiveness of the risk management on an ongoing basis, and informs the Management Board and Supervisory Board of the risk situation in regular reports. These reports are taken into account in the Group Auditing department's risk-oriented audit planning. Information on threatening risks is immediately communicated to these bodies.

To guard against risks in the area of procurement, we integrate social and environmental requirements into our procurement and quality processes. For instance, we are gradually reducing the number of suppliers we use for our consumer goods, developing the remaining suppliers into strategic partners, and supporting them with the Worldwide Enhancement of Social Quality (WE) qualification programme. In our issues management, we analyse the relevant concerns of our stakeholders on an ongoing basis. For instance, in 2014 we decided to integrate the standards underlying Greenpeace's DETOX Commitment into our purchasing and quality processes. Beyond this, we also practice resolute supplier monitoring as part of our risk management.

The compliance risks identified and assessed during the annual risk analysis are prioritised into top risks and form the framework for Tchibo's compliance management system. Our activities, such as training, processes and internal process instructions, are based on this. The identified compliance risks also form the basis for the ongoing further development of our compliance programme.

Information security & Data protection

To provide our customers with an outstanding shopping experience, a multitude of different processes must run quickly and reliably. For this – as well as for personnel management or internal administrative processes – we need the support of IT systems that store and process data and information. This data and information is often sensitive, e.g. if it is required for decision-making within the company or can damage Tchibo if it falls into unauthorised hands. Sensitive data includes customer and other personal data for which strict legal requirements exist. We also protect trade secrets such as strategies and pricing information, contracts, invoices, planning and reporting data, and data needed to operate the IT infrastructure.

The legally compliant handling of data worthy of protection is an important part of our corporate responsibility and is accordingly included in our Code of Conduct (CoC). Our security standards especially aim to prevent unlawful use by unauthorised persons. Our business partners are also obligated to handle personal data with care.

Increased requirements: EU General Data Protection Regulation (GDPR)

The EU General Data Protection Regulation (GDPR), which came into force on 26 May 2018, entails significant changes to data protection requirements. The new GDPR has replaced the previous Federal Data Protection Act (BDSG) and the EU Data Protection Directive on which the BDSG is based. It poses a variety of challenges for companies – and Tchibo is no exception.

The GDPR contains stricter rules for companies and enforcement measures for public authorities in handling personal data. This increases the legal, operational and technical-organisational requirements for data protection. Among other things, companies must take appropriate technical and organisational measures to ensure data protection and data security. The legal framework for accountability has been considerably tightened. Companies must now be able to prove data protection compliance in their processes at all times.

It is therefore more necessary than ever before to firmly integrate data protection as a management topic into all relevant business processes. In this way, we want to meet the new GDPR's requirements for documentation and risk assessment. Raising our employees' awareness and a clear distribution of tasks within the national and international corporate divisions are just as indispensable for this as the development of a clear target vision.

Data protection: clear responsibilities

Tchibo has defined clear responsibilities for data protection. The company data protection officer's department develops internal data protection guidelines. The data protection office also reviews, builds awareness about, and advises on data protection. Responsibility for the implementation of legal and internal data protection and information security requirements lies directly with each department. This means that each individual employee shares responsibility for the company's compliance with data protection laws.

Any acute data or information risks are reported directly to the IT Governance and Corporate Data Protection departments. If necessary, the supervisory authorities, crisis management or the Management Board are then involved. In projects where data protection is a relevant factor, such as business process outsourcing, departments are required to involve the corporate data protection department.

Information security: management and measures

The security of our IT systems is a prerequisite for effective data protection. Information security also serves to protect information and systems from a wide variety of threats, ranging from simple malfunctions to hardware defects and cyber-attacks. The information security management system (ISMS) required for this is based on the nationally and internationally recognised standards ISO 27001, BSI Basic Protection, and the NIST-SP-800 series, and is constantly undergoing further development by the IT Governance department.

Various coordinated technical and organisational measures serve to safeguard information security at Tchibo. Examples for technical measures include multi-level detection of malware or encryption of data storage and transmissions. We also involve specialist service providers, e.g. for defence against cyber-attacks or to monitor and respond to new threats. Organisational measures include guidelines, standards, company agreements and operational instructions.

Above all, the interaction of various measures is crucial for achieving an appropriate level of security. For example, technical security measures go hand in hand with the creation and communication of guidelines and with regular checks.

Just as important as these technical and organisational measures is awareness-building, training, and advice for employees. In addition to addressing data protection within the company, we also seek external exchange with other companies. For example, we are a member of the Hamburger Datenschutzgesellschaft (Hamburg Data Protection Association). Tchibo employees are also represented in the Data Protection Working Group of the Federal Association of German Mail-order Companies (bevh) and in the professional associations of IT auditors, IT security managers and IT governance experts. We are also in regular contact with other major Hamburg companies and partners. In this way we can learn from each other and develop further.

Happily, we did not identify any significant data protection breaches in 2017. Only minor breaches occurred due to insufficient processing of requests for information and the incorrect sending of advertising. These were corrected by awareness-building measures.

► Stakeholder involvement and materiality

Involving stakeholders

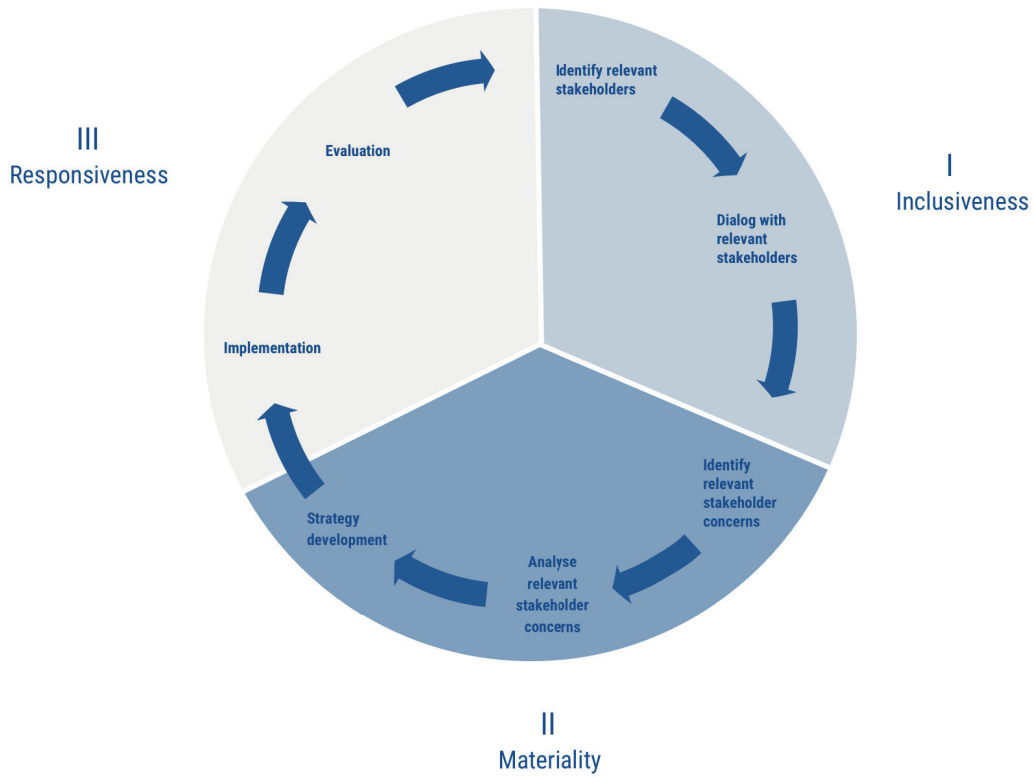
GRI 102-40; GRI 102-42; GRI 102-43; GRI 102-44; GRI 102-46; GRI 102-47

As a protagonist in the globalised economy and a beneficiary of the associated division of labour, Tchibo shares responsibility for resolving challenges that arise from our business activities. We believe that solutions to such global challenges are often better developed in cooperation with various societal protagonists. A close, ongoing exchange with our stakeholders within and outside the company is therefore very important to us. We want to know our stakeholders' expectations and views, incorporate their input into the further development of sustainable business processes, and work together on leading-edge solutions for ecological, social and societal challenges. So the dialogue with our stakeholders is also a stimulus for important processes of innovation – both in the company and at societal level. At the same time, the exchange with our stakeholders is important for identifying opportunities and risks for Tchibo's business at an early stage, and thus to enable proactive action. ✓




Systematic stakeholder management

Involving stakeholders, identifying relevant topics together, and responding with appropriate measures – this approach corresponds to the principles of accountability inclusivity, materiality and responsiveness codified in the AccountAbility standard 1000 (AA1000). Since 2012, our stakeholder management has been based on a management system that was developed and rolled-out in accordance with the AA1000 standard. ✓



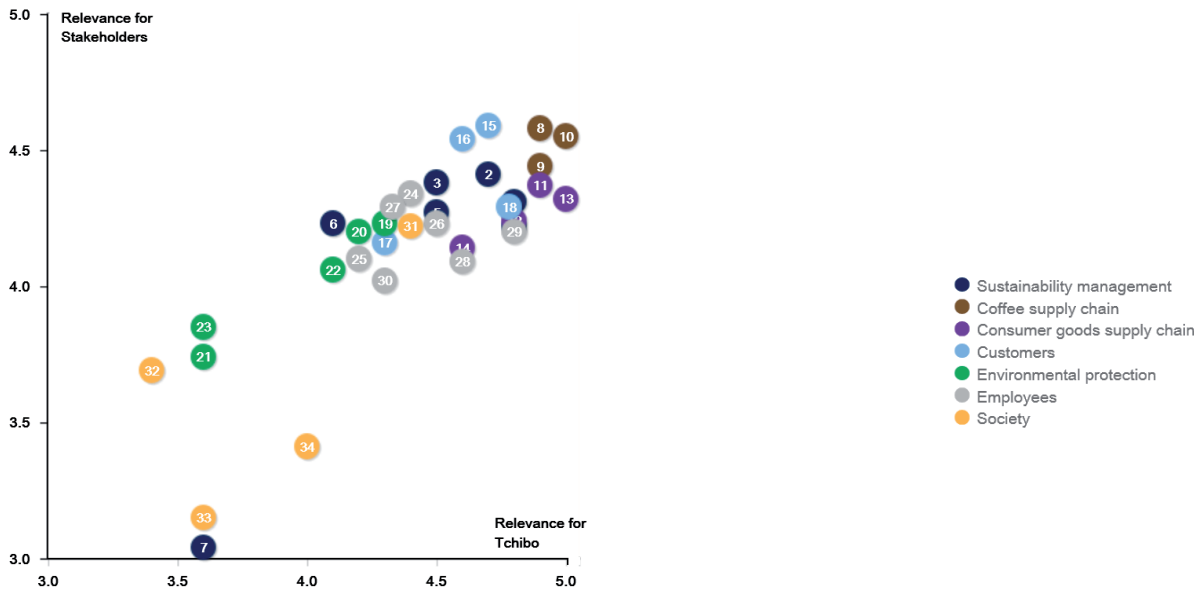
Inclusivity

Relevant stakeholders are involved in formats that are chosen to precisely match the topic and occasion. They include surveys, dialogue events, or cooperation in initiatives and alliances such as the Global Coffee Platform (GCP) and the Partnership for Sustainable Textiles in Germany. 

	Media	Surveys	Memberships, Networks & Voluntary Commitments	Projects	Dialogue Events
Formats	<ul style="list-style-type: none"> Website & Webshop Blog, social media & forums Newsletters Annual and Sustainability Report Press releases Intranet Public controversies Customer service Brochures/magazines Product information Certifications & awards 	<ul style="list-style-type: none"> Employee surveys Consumer surveys Market research and trend surveys (internal & external) 	<ul style="list-style-type: none"> Member meetings Alliance meetings Working groups Workshops Round Table Conferences (e.g. Environment) Best Practice exchange Steering committees 	<ul style="list-style-type: none"> Dialogues on specific topics Cooperation projects Working groups Research projects Cooperation with universities Staff training Staff events/campaigns Workshops 	<ul style="list-style-type: none"> Press events Best-Practice exchanges Round Table Site Exhibitions Open Days Local events Working groups Bilateral meetings Tradeshows & fairs Symposia Training
Stakeholders	<ul style="list-style-type: none"> Media and public Communities Competitors Banks & insurance companies Governmental agencies Employees Customers Consumer protection organisations Suppliers & business partners 	<ul style="list-style-type: none"> Customers Employees Media and public Science & academe Competitors Unions Consumer protection organisations Suppliers & business partners 	<ul style="list-style-type: none"> NGOs and initiatives Competitors State organizations Unions Consumer protection organisations Suppliers & business partners Science & academe 	<ul style="list-style-type: none"> Associations and unions Academics/Scientists & experts NGOs and initiatives Competitors Governmental agencies Employees and potential employees Suppliers & business partners 	<ul style="list-style-type: none"> Media and public Communities Competitors Governmental agencies Unions Employees and potential Employees Customers Consumer protection organisations NGOs and initiatives
Examples	<ul style="list-style-type: none"> Sustainability Report 2017 Coffee Report Qbo press event Appachi Capsule Collection Fashion Show ARD-Markenchecks Blogger Breakfasts #TchiboFrisch Brand Experience + Trust Monitor 2016 	<ul style="list-style-type: none"> Coffee Report Imug Customer survey on return of used clothing Customer survey on acceptance of recycled products in Non-Food Customer survey on 'GUT GEMACHT' 	<ul style="list-style-type: none"> Global Coffee Platform Fairtrade Rainforest Alliance Aid by Trade Foundation Better Cotton Initiative Textile Alliance Coffee & Climate Forest Stewardship Council Fun Free Retailer Program ACT on Living Wages 	<ul style="list-style-type: none"> Corporate Volunteering Mainstreaming Sustainable Coffee Production Appachi Eco Logic Animal Protection Young Talent Challenge Good Idea Challenge Logistics strategy workshop ONE Tchibo Statutory minimum wage Tchibo Shop Annual Convention 	<ul style="list-style-type: none"> 10 Years of Sustainability at Tchibo Tchibo Sustainability Innovation Lab Qbo press event Blogger Breakfast #TchiboFrisch Multiple-use cups City Nord Sports Week and "Hamburglympics" Open Day G20: Participation in the meeting of labour and employment ministers Multi-stakeholder workshop in Brazil Tchibo Share 10 years WE

Materiality

We have mapped the relevance of the topics for stakeholders and for Tchibo in a materiality matrix. The material topics are derived from this matrix, and are updated and adjusted as needed in the course of our ongoing stakeholder involvement. ✓



- | | | |
|---|--|---|
| <ul style="list-style-type: none"> 1 Nachhaltigkeitsmanagement 2 Wirtschaftliche Stabilität 3 Nachhaltigkeit als integraler Bestandteil der Unternehmensstrategie 4 Strukturen, Richtlinien und Rahmen für verantwortungsvolle Unternehmensführung, Corporate Governance und Compliance 5 Dialog und Zusammenarbeit mit Stakeholdern 6 Transparenz und Berichterstattung 7 Einbindung internationaler Tochterunternehmen in das Nachhaltigkeitsmanagement 8 Politische Stellungnahmen | <ul style="list-style-type: none"> 13 Qualifizierung von Lieferanten zur Verbesserung von Sozialstandards 14 Ressourcenschonende Produktgestaltung von Gebrauchsartikeln 15 Kunden 16 Kundenorientierung und -service 17 Produktqualität und -sicherheit 18 Angebot von und Informationen zu nachhaltigen Produkten 19 Verbraucher- und Datenschutz 20 Umweltschutz 21 Klimaschutz 22 Nachhaltige Mobilität im Fuhrpark und der Dienstwagenflotte 23 Ressourcenschonung im Unternehmen 24 Naturschutz und Artenvielfalt 25 Mitarbeiter 26 Unternehmenskultur | <ul style="list-style-type: none"> 25 Mitbestimmung 26 Vereinbarkeit von Beruf und Familie 27 Aus- und Weiterbildung 28 Chancengleichheit 29 Gesundheit und Sicherheit 30 Vergütung und Sozialleistungen 31 Gesellschaft 32 Gesellschaftliches Engagement in den Ursprungsländern unserer Produkte (Kaffee, Baumwolle) 33 Gesellschaftliches Engagement in den Kernvertriebsmärkten (Deutschland, Österreich, Schweiz) 34 Förderung des Ehrenamtes / Corporate Volunteering 35 Förderprojekte im gesellschaftlichen Umfeld des Kerngeschäfts, z.B. Sponsoring, Unterstützung von Bildungsinitiativen, etc. |
|---|--|---|

To analyse the material fields of action, we have conducted a comprehensive stakeholder survey in 2012. We identified more than 1,200 stakeholders and grouped them into customers, employees, suppliers and business partners, non-governmental organisations, government agencies, trade unions, consumer protection organisations, science & academe, banks and insurance companies, and the media. We invited 430 of the 1,200 stakeholders to complete an anonymous online survey. The participating institutions were selected based on their relevance as Tchibo stakeholders and the extent to which they influence the company. It was important to us that we select stakeholders with whom we can make a difference. We surveyed the relevance they ascribed to 34 topics at Tchibo, and how far they felt Tchibo had come on these topics, for seven fields of action. They also had the option of adding their own expectations and suggestions.

We followed this up with qualitative telephone interviews with external sustainability experts on individual fields of action, and asked employees from various disciplines to assess their relevance. On this basis, we prioritised the topics for our sustainability management. Besides their relevance, we also looked at how, for example, topics can be influenced by critical groups. From these two aspects, we derived a value for ‘stakeholder attention’. The focus topics arrived at in this way have guided us ever since in developing specific targets and measures on our way to becoming a 100% sustainable business. ✓

Coffee Value Chain	Consumer Goods Value Chain	Customers & Products	Environmental protection at the sites and during transport	Employees at Tchibo
Strategy & management Sustainable development <ul style="list-style-type: none"> • Sustainable coffee grades • Tchibo Joint Forces¹ • Mainstreaming Sustainable Coffee Production • Collaborations to promote sustainable cultivation methods Educational projects in the countries of origin	Strategy & management Sustainable development <ul style="list-style-type: none"> • Sustainable resources and products • Sustainable and transparent supply chains • Global challenge: Initiatives to develop system solutions 	Strategy & management Delighting customers Dialogue & interactive platforms Quality & Safety Responsible consumption	Strategy & management Climate protection Resource Efficiency	Strategy & management Corporate culture & values Talent Management Balance Remuneration, benefits & Tchibo extras Social commitment: Shouldering responsibility for society, together

Responsiveness

The key topics from the materiality matrix are incorporated in the company’s strategy development. They are put into action and evaluated, e.g. in the area of environmental protection or responsible business practices, always involving the relevant stakeholders depending on the topic or occasion.

Alongside stakeholder management, issues management is of great importance in Tchibo’s materiality process. It serves as a ‘topic radar’ to recognise, analyse and evaluate social trends and current developments at an early stage. This proactive issues management process enables us to identify potential risks and minimise them through preventive measures. On the other hand, we can derive opportunities for our sustainable focus and Tchibo’s brand positioning from topical issues. In this respect, issues management has a direct influence on strategy planning and the prioritisation of topics. As a result, it also provides important support in the materiality process. ✓

Asking the stakeholders: reviewing action areas

As part of our sustainability management, in 2006 we determined the topics and fields of action that – from our perspective and based on our experience – are key to our path of sustainability. To review which fields of action are most important to the various stakeholders, and how they rate Tchibo’s state of development [in those areas], we carried out an extensive stakeholder survey in 2012. The findings show that stakeholders confirmed the relevance of the fields of action we had defined in 2006. They, too, see the coffee and consumer goods value chains as the most important action areas. Key topics here include the socially responsible and resource-conserving production of consumer goods, and the improvement of the economic and social situation of the coffee farmers.

Major political and social developments in 2017 prove that our focus topics remain very relevant, or have become even more so. All in all, in 2017 we note that the conflict area between legal obligation and voluntary commitment of business is receiving a lot more attention in the public discourse – driven by environmental and social problems that are still nowhere near resolved and becoming increasingly urgent, especially in the global production and trade structures. “Fair competition requires (at least European) rules” seems to be acceptable as the lowest common denominator of all societal stakeholders. ✓



As part of the further development of our stakeholder management and our sustainability strategy, we are focusing on the key topics of the materiality matrix that has existed since 2012. In recent years, for example, we have increasingly extended the outside-in perspective, i.e. relevant effects on the company for Tchibo, to include the inside-out perspective. This means that on the path to becoming a sustainable business, we identify the positive as well as negative effects of our business activities in dialogue with our stakeholders, and take them into account when defining and implementing our measures and programmes.

► **Results and targets**

Results and findings: What have we achieved to date?

In 2017, we once again made good progress on our path to becoming a 100% sustainable business:

- 26.4% of our coffee grades comes from sustainable cultivation. We use 100% certified green coffee for the coffees in our premium segment and for Tchibo Cafissimo & Qbo capsules. We have been serving coffee solely from certified sources at Tchibo coffee bars since 2009.
- 80% of our textiles were made of sustainable cotton in 2017. We are the third-largest supplier of textiles made of organic cotton worldwide. We also launched the first Appachi Eco-Logic women's collection in 2017, which comes from a completely transparent supply chain in India.
- In the area of the cellulose-based manmade fibres viscose, modal and lyocell, we are continuously increasing the proportion of sustainable sources. For example, 78% of textiles containing cellulose fibres in 2017 were produced from responsible sources and according to environmentally compatible standards.
- Our leather products are tanned 100% chrome-free.
- Our use of the Forest Tracing System (FTS) provides transparency regarding the source of the wood for 100% of our wood and paper products. In 2017, approximately 58% of our wood and paper products were also certified according to the strict guidelines of the Forest Stewardship Council (FSC®) or came from regional sources. Our magazine paper, cardboard packaging for shipping, and craft papers are also 100% FSC®-certified.
- As part of our closed-loop strategy, we are gradually implementing measures to reduce the use of resources and increase the longevity of products. In 2017, for example, we offered dishwashing brushes made of recycled plastic for the first time. We encourage customers to bring their own reusable cups at our coffee bars, and through our collaboration with FairWertung we have created consumer-friendly take-back options for our customers' textiles. At the beginning of 2018, we went a step further and became the first provider in the mainstream market to launch a rental platform for baby clothing.

- We continued expanding our WE (Worldwide Enhancement of Social Quality) qualification programme in: 364 consumer goods producers have participated in the WE qualification programme since 2007, and 612 social and environmental audits were conducted in production countries in 2017.
- With Tchibo Joint Forces!®, we are helping coffee farmers to gradually switch from conventional to ecologically and socially compatible and economically sustainable coffee growing. More than 34,000 farmers have now successfully completed the programme.
- As part of our LOTOS climate protection programme, we are continuously working to reduce CO₂ emissions. In 2017, the average (relative) transport-related CO₂e emissions were reduced by 21% compared to the reference year 2006. The introduction of disposable bags for a fee enabled us to reduce these by 87% in our Tchibo shops in 2016.

The path ahead of us is still long and contains many challenges. But as we see it, there is no alternative to sustainable conduct. The task, above all is to preserve resources, protect the climate, and secure jobs along the global supply chain long-term and at fair conditions – and that means the future of our company is also at stake. We therefore take our aspiration of becoming a 100% sustainable business very seriously.

We see it as our duty as a corporate citizen to take responsibility and use our business to initiate change in our company, the industry and beyond.

Coffee value chain		
Target	By	Status quo
Continue the Tchibo Joint Forces!® Project in Huehuetenango, Guatemala (Rainforest Alliance Certified™).	2017	Met
Continue the Tchibo Joint Forces!® Project in Minas Gerais, Brazil (Fairtrade).	2017	Met
Further develop Tchibo Joint Forces!® through integration of optimized impact measurement in the supply chain.	2020	On target
Continue the education project in Tanzania with the goal of reaching more than 3,000 children and adolescents as well as 640 teachers and parents.	2017	Met
Continue the Guatemala Children's Project in the coffee regions of Huehuetenango and Chiquimula with our project partner Save the Children, with the target of reaching over 1,400 children and 1,900 adults.	2018	On target
Further develop the systemic program 'Mainstreaming Sustainable Coffee Production'. Our goal is to bring together all the relevant players to jointly address urgent regional issues and contribute to a systemic solution.	2020	New target
Around 35% of our green coffee comes from coffee farms that are certified according to recognised international standards (Fairtrade, Rainforest Alliance, UTZ and Organic) or validated according to the 4C basic standard.	2020	Not on target

Non Food supply chain		
Target	By	Status quo
Increase the proportion of sustainable cotton to 85%, of which organic cotton (as measured against the total quantity of cotton purchased): 70%.	2018	On target
60% of the wood products purchased for the sales year are certified according to FSC® criteria or come from regional sources.	2018	On target
Implement the requirements of the Detox Commitment.	2020	On target
80% of our Non Food products are sourced from WE producers.	2020	On target
Establish a living wage system and industry-wide pay negotiations in all global manufacturing markets (ACT initiative: Action, Collaboration, Transformation).	2020	On target
Further develop our strategic supplier program, systemic anchoring of fair purchasing practices in the procurement process, and review as part of regular due diligence.	2020	On target
Environmental protection at the sites and during transport		
Target	By	Status quo
Climate protection		
Reduce energy consumption at the Gallin and Neumarkt warehouses: Reduce relative warehouse emissions by 15% compared to 2014.	2020	Not on target
Reduce emissions as part of the Clean Cargo Working Group (Clean Cargo Scorecard) logistics strategy: reduce relative transport-related CO ₂ e emissions by another 10% (total 2006-2020: 40%).	2020	Not on target
Resource efficiency		
Reduce paper & cardboard consumption in B2B and B2C online deliveries by 30% per sales unit compared to 2014.	2020	Not on target
In all our product categories, we integrate closed-loop criteria to increase resource efficiency. (Adaption of the target in 2017)	2020	On target
Customers & Products		
Target	By	Status quo
Start offering products made of/with recycled materials.	2017	Met
First collection made of ECO-LOGIC organic cotton.	2017	Met
Expand hard goods ranges to include recycled plastic.	2018	New
First GOTS certified baby and children's clothing collection in combination with Tchibo Share.	2018	New
Offer various product bundles with recycled polyester and recycled polyamide.	2018	New
Further expand the range of textile products with recycled synthetic fibres such as polyester and polyamide.	2019	New
Tchibo Share: Pilot a closed-loop business model to inspire sustainable consumption.	2018	New

Employees		
Target	By	Status quo
Talent Management		
Professional, needs-oriented, and transparent talent management that supports all employees equally and according to their individual abilities, and provides Tchibo with the right talents at the right time: We are able to fill 70% of all positions at levels 1, 2 and 3 (management and key positions) internally.	2020	On target
Work & Family		
Put the targets agreed in the berufundfamilie audit into action: <ul style="list-style-type: none"> • Work organisation: good utilisation of flexibility in working time and place of work • Information and communication: ‚work and family‘ / work-life balance is a very visible topic. • Leadership: Good handling of a good work-life balance is part of the management culture. • Personnel development: The balancing of management/career with family is supported 	2020	On target

► **International business units**

Our international business units: one goal, individual programmes

Our commitment to a 100% sustainable business is not limited to Germany. In 2009, we began to involve our international business units in Austria, Switzerland and Eastern Europe in our sustainability management. At our international sites, we pursue the same sustainability goals that apply to Tchibo in Germany. This includes the gradual conversion of our product ranges to sustainable grades, especially coffee, cotton and wood. In addition to this, the international business units pursue individual targets in their national sustainability programmes.

In order to support the individual companies, Tchibo initiated a comprehensive network for CR managers in all countries. Twice a year, they come to the Hamburg headquarters to share their experiences and compare content and strategies under the lead management of the Corporate Responsibility directorate.

Site-specific sustainability programmes complement the joint strategy, as does individual communication with local stakeholders and customers. Our international business units also participate in public discourse on sustainability in their respective countries. They work with non-governmental and multi-stakeholder initiatives to develop sustainable solutions for economic, social and environmental issues across multiple industries.

Progress in 2017

In 2017, the international business units once again successfully implemented measures from their own national sustainability programmes. The focus was on environmental protection, customer communications, employees, and corporate citizenship.

Environmental protection at the sites

The international business units are systematically working to reduce the environmental impact of operating their shops, offices and warehouses. For example, they take measures to reduce water, paper, and electricity consumption in the administrative offices.

After years of efforts in the field of 'green office/workplace', in 2012, Tchibo Poland and the Partnership for the Environment foundation jointly developed a certification standard for 'Green Shops' and introduced this certification for all Polish Tchibo shops. It is the first environmental certificate in the history of Polish retail. In 2013, the standard was further developed with the foundation, for online sales. In 2017, all 56 Tchibo Shops and the administrative site were successfully recertified. A comprehensive monitoring system continually ensures that the requirements are put into action.

Since July 2015, plastic bags have no longer been given out for free at Tchibo Austria. Within just a few weeks, this led to an around 80% reduction in bags given out. Since May 2016, Austria has completely eliminated non-reusable plastic bags. Instead, the Austrian business unit offers its customers a selection of reusable bags made from sustainable materials. Part of the proceeds from the sale of the carrier bags was donated to MOTHER EARTH, an environmental initiative by ORF and the leading environmental and nature conservation organisations, in 2015. A long-term cooperation has developed from this, which still continues and is to continue further in 2018. At Tchibo in Switzerland, Slovakia and Hungary, too, no free plastic bags have been given out to customers since 2016. Tchibo Czech Republic also introduced the change in 2017. At Tchibo Turkey, the introduction of an obligation to pay for plastic bags is planned for 2018.

The recycling of coffee capsules is another way in which Tchibo aims to conserve resources. Due to a lack of general disposal structures, Tchibo Austria itself became active and developed and introduced its own take-back system for Qbo and Cafissimo capsules in 2017.

Customer communication

Communicating the benefits of sustainably manufactured products to Tchibo customers in all sales regions requires, comprehensive but easy-to-understand customer communications. In addition to materials developed in Germany, all international business units use their own innovative formats, which are adapted to the respective country's customer and stakeholder requirements.

For instance, the international business units in Austria and Switzerland introduced the „GUT GEMACHT“ logo in 2016. It distinguishes our sustainable products and makes them quickly identifiable as such. 'GUT GEMACHT' products are either externally certified or incorporate standards and procedures recognised by external stakeholders – for example, organic cotton. The logo is found not only on the product packaging, but also at the points of sale, and is used in various media to encourage customers to embrace responsible consumption.

In 2017, the „GUT GEMACHT“ logo was launched in all other international business units with Non Food business (PL, CZ, SK, HU, TR), and was introduced to customers with suitable, locally adapted advertising materials.

To increase attention for sustainable products, in October 2017, the Tchibo subsidiary in Turkey organized the blogger event „ DOĞA DOSTU „ (Turkish for GUT GEMACHT) for influencers. 13 female influencers from the „Mothers and Babies“ category were invited. They were introduced products bearing the „GUT GEMACHT“ logo, and Tchibo's 'Latin Bio' (Organic Latin) Privatkafee, and learned more about Tchibo's sustainability strategy.



Employees and corporate citizenship

In 2017, Tchibo's national subsidiary in the Czech Republic once again received the Family-Friendly Society Award for its commitment to family friendliness and other sustainability activities. The judging panel highlighted the good opportunities for reconciling work and family life and in particular praised the national unit's corporate responsibility efforts. The judges made special positive mention of the „Green Office“ project, which was carried out at the Prague headquarters, and the company's volunteer work.

Tchibo's international business units also embrace corporate citizenship. In 2017, the Austrian international business unit participated in the 'Tchibo Weihnachtswunder' Christmas fundraising campaign, and gave Tchibo items as gifts to people in need with the help of Vienna's food bank.

The international business units in eastern Europe especially encourage corporate volunteering: In 2017, a wide range of activities took place here: from active support for the renovation of a school, to advice for non-profit organisations. A total of 53 employees volunteered 426 working hours (Poland, Czech Republic, Slovakia, Hungary).



Coffee Value Chain

► Strategy & management

For future-proof coffee farming: Continued support for the transformation process

Management approach: GRI 203; GRI 304; GRI 308; GRI 407; GRI 408; GRI 409; GRI 411; GRI 413; GRI 414
GRI 102-9; GRI 308-2; GRI 407-1; GRI 409-1; GRI 414-2

For over 65 years, we have offered our customers top-quality coffee. To be able to keep delivering on this aspiration in future, we not only place a premium on flavour and taste, but also work to maintain and continually improve the conditions needed for growing high-quality coffees. We commit to our local supply chains by cooperating with coffee farmers and standards organisations and promoting sustainable farming practices. We also contribute our expertise to international initiatives to support a sustainable development of the coffee sector: systemic challenges can only be effectively met by working together with all protagonists in the sector. ✓

As we work towards becoming a 100% sustainable business, our medium-term goal is to offer only coffees whose cultivation meets ecological as well as social and economic requirements. By doing so, we contribute to safeguarding the livelihoods of coffee farmers and their families long-term – which also ensures the long-term availability of the raw coffee qualities we need, and the future viability of our business. We apply a holistic concept to the sustainable development of the coffee supply chain and the entire coffee sector. ✓

Challenges in the supply chain ✓

Our Arabica and Robusta coffees are grown in the 'coffee belt' along the equator in South and Central America, Africa and Asia. The cultivation areas are predominantly located in developing and emerging countries. The majority of the producers are smallholders whose farms usually comprise less than 2 hectares of arable land.



Due to the many smallholders that make up the supply chain, it is a great challenge to create transparency from cup to plantation, and to promote better conditions locally. Collaboration with reliable partners in the growing regions and the supply chains is therefore essential for us. We cultivate mutually trustful, long-term supplier relationships with exporters and traders from the growing regions, as well as with cooperatives and individual larger farms. Through our demand for sustainably grown coffee grades and our efforts on the ground, we can influence the cultivation methods and conditions in coffee-growing.

The coffee beans' journey

After the coffee harvest, the coffee beans go through initial processing locally – either the farmer delivers them directly to a processing plant, or they are delivered by an intermediary. From dry, wet or semi-washed processing, the coffee beans continue on to the mill, where they are peeled and then sorted by export grade. Again, the beans arrive at the mill either directly or via an intermediary. If the processor does not possess an export licence, they sell the beans to an exporter or importer, if necessary through an intermediary. Alternatively, the beans may go to auction. The beans are then sold to a roaster, such as Tchibo, a process that again may involve several steps. Once the coffee beans have been transported to Germany, they are put in interim storage, cleaned again, roasted, packaged, and finally arrive at their consumer via retail.

Process steps in the coffee supply chain



Challenges in coffee growing

Around two-thirds of the world's approximately 17 to 20 million coffee farmers are small-holders with just one or two hectares of land. Their resources are as limited as their access to technology, financial resources, and education. They often lack knowledge about eco-friendly and efficient cultivation methods. In the medium-term this situation leads to declining yields, lower quality, and increasing environmental pollution. For instance, toxic pesticides are used – often without taking protective measures – and the soil is over-fertilized. The repercussions of climate change additionally threaten the future viability of coffee farming, because farmers often lack knowledge how to adapt to changing weather patterns.

The soil's loss of fertility reduces the yield per hectare. At the same time, production costs rise because additional fertilizer is needed to maintain yields as far as possible. In many cases coffee cultivation stops being an economically viable proposition: in order to buy the fertilizer, many farmers have to take the risk of financing, without being able to hedge against the strongly fluctuating green-coffee prices on the world market. As a result, many smallholders can no longer live off coffee farming alone, so they give it up or merely grow coffee as a side-line. Moreover, traditional coffee farming without modern technical resources is regarded as hard work by many people and therefore not very attractive. Young farmers in particular therefore no longer consider it as a source of income if more lucrative alternatives are available to them.

On the other hand, there is an increased demand for green coffee. In the last few decades it has risen steadily by about 2% per year. If this increasing demand is to be met in future as well, yields must be increased – including and especially those of the many millions of smallholders, because their yields are often low. So the idea is to help smallholders increase their yields in a sustainable way and thus secure a good livelihood. To do this, they need a financial foundation, for only then can they invest in more sustainable forms of cultivation and production that protect the environment and take social criteria into account. Beyond this, working conditions need to be improved in many places. While the large farms are inspected frequently, in the case of the smaller estates and smallholders, high production costs and the price pressure of the market often result in informal working relationships and working conditions that fail to meet ILO core labour standards. For this reason, involving smallholder farmers in the process of transforming the coffee sector is an important pillar of our strategic approach, which commitment at both the operational (supply chain) and higher (sectoral approach) levels.

Further development of the strategic approach

To meet the challenges of the supply chain and in the growing regions, we have worked for a sustainable development of the coffee sector since 2006. In these past eleven years, we have triggered a number of positive developments with our measures in the supply chain: we strengthened the cultivation of sustainable coffee grades, and contributed to the fact that more and more sustainable coffees are offered and being demanded by consumers – as shown, for example by sales of Fairtrade coffee in the German market, which nearly doubled to more than 17,000 tonnes between 2012 and 2016.

However, we have also had to acknowledge that we are encountering the limits of what we can do and achieve as a single company. Systemic challenges at the origins, such as impermissible forms of child labour on the farms, and the lack of transparency in the mainstream market, are issues that require efforts on a broader scale. For instance, our partners obtain the green coffee in the quality we require from many different farms. Depending on the origin, there may be several thousand who deliver their green coffee for a container – which makes it accordingly difficult to create transparency. To find out how we can address these challenges even more specifically, in 2016 we performed a comprehensive assessment of our previous strategic approach for sustainable raw coffee, involving key stakeholders.

We surveyed our key stakeholders about current challenges. They included the international standard organisations Fairtrade, Rainforest Alliance und UTZ, local standards organisations such as Coffee Care in Guatemala and CLAC in Fairtrade's Latin American network, coffee farmers in our main growing countries, and our suppliers. Deep-dive analyses of these challenges and of existing approaches were carried out. We looked at global trends, the increasing momentum in the coffee sector, and consumers' expectations regarding taste and sustainability.

In essence, the analyses showed that major ecological and social challenges – such as the causes of impermissible child labour and use of prohibited pesticides – are systemic. To tackle them effectively, it is necessary to go beyond supply chain activities and address problems at a systemic level, involving governments and public interest groups. On the one hand this finding encourages us to continue our involvement in international collaborations. But on the other hand, it also shows that further efforts are required to sustainably transform the coffee sector in the long term. All coffee sector stakeholders must take even more responsibility for shaping the transformation process and doing their part in their respective roles in order to bring about systemic changes.



We want to join these forces and have therefore added a systemic programme to our integrative existing concept: 'Mainstreaming Sustainable Coffee Production'. Our goal is to bring together all relevant stakeholders and jointly identify urgent, regional issues, to then develop various solution scenarios in dialogue with everyone involved. We are aware that such a process takes time and that we cannot create an impact overnight. That is why our programme takes a long-term approach.

Our first test market is Brazil, as the country has already attained a high degree of maturity when it comes to sustainable development in coffee cultivation. So a systemic, institutional cooperation on implementation solutions could be realistic, especially as Brazil has already gone through an intensive stakeholder process with the National Coffee Platform, to define its own national sustainability standard.

As a first step, we conducted a multi-stakeholder workshop in Belo Horizonte in the Brazilian state of Minas Gerais in November 2017. In 2018, we will initiate small collaboration experiments.

We are also extending our Tchibo Joint Forces!® qualification programme from the level of individual small-holders to a regional level, by e.g. addressing suppliers, NGOs and other roasters and developing scalable solutions. The core goal of our commitment is “Coffee farming as a viable business”. So in 2017, we expanded our Tchibo Joint Forces!® qualification programme to include coffee-growing regions in Brazil. By developing a sustainability approach that is effective locally, we make an effective contribution to the sustainable development of the coffee sector. Our measures are designed to support the shift to sustainable agriculture, strengthen local structures in organising farmers, and facilitate their market access. Certification processes help ensure compliance and increase transparency in the supply chain.

Beyond this, as a member of the steering committee of the international Global Coffee Platform (GCP), we contributed to the development of a new vision for the sector: Vision 2030. Its development and the establishment of the GCP, in conjunction with many other efforts, mark a first decisive step in supporting the process of transformation towards becoming a more sustainable sector. The Sustainable Development Goals (SDGs) are an essential part of the identified visions.



Focus on: supply chain and systemic solutions ✓

As we continue developing our integrative approach, we are pursuing five coordinated strategic approaches.

- **Supply chain: Purchasing sustainable coffee grades.** In 2017, we sourced 26.4% of our green coffee from coffee farms that are certified according to accredited international standards (e.g. Fairtrade, Rainforest Alliance, UTZ), organic certified or are validated to the baseline standards of the 4C Association.
- **Supply chain: Tchibo Joint Forces!® qualification program.** We support smallholders and their families with our Tchibo Joint Forces!® qualification programme, to further develop the local structures in a sustainable way. The coffee farmers and their families are to be supported in improving their living conditions through sustainable and profitable coffee farming. Here also women, children and communities are being more included. So support for farmers is not only provided at farm level, but in an integrated manner: through jointly developed activities and measures to secure income, ensure childcare, and prevent child labour.
- **Systemic approach: ‘Mainstreaming Sustainable Coffee Production’.** The ‘Mainstreaming Sustainable Coffee Production’ multi-stakeholder experiments initiated by Tchibo are our way of tackling structural and systemic challenges – in partnership with the sector’s key protagonists. In our pilot project in the Brazilian state of Minas Gerais, we are seeking an innovative way to develop a shared understanding with local stakeholders of what sustainability means in Minas Gerais, and how we can work together to achieve it.

To this end, we are shifting our focus from 4C-validated green coffees to our systemic approach. An important success factor will be to win over all relevant partners for this idea. Unlike in the textile industry, there is still very little cooperation at the pre-competitive level to develop systemic solutions.

- **Cross-industry cooperation and alliances.** We are involved in cross-industry cooperation and alliances. The Global Coffee Platform (GCP), which acts on an international level, and International Coffee Partners (ICP) are of particular importance for us.
- **Education projects in the countries of origin.** We promote educational projects that 'help people to help themselves' in the coffee-growing countries. By doing this, we hope to improve social structures on the ground, provide alternatives to impermissible child labour, and open up additional sources of income. We want to empower local people to continue working independently on the topics addressed even after the project has ended.

Regular evaluation of the measures

Part of our sustainability concept is to systematically evaluate the effectiveness of the assumptions taken in our supply chain management approach as well as those of our systemic approach.

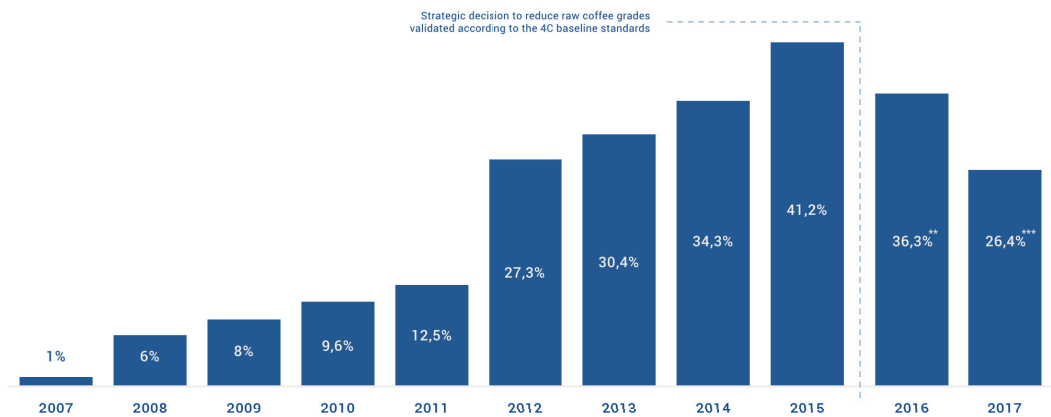
As regards supply chain management, we are currently developing a concept to record and rate the effectiveness of individual measures – so that we can identify how we can further develop our approach. The goal is to incorporate innovative forms of evaluation at the design stage of the project. This also makes it possible to identify challenges and to develop possible solutions with the involvement of farmers and other project participants. It is important for us to be able to use the knowledge gained to intervene while the project is still ongoing, and not merely to discover missed opportunities at the end of the project. That is why in 2018, we will concentrate on selecting innovative methods. To evaluate the development of the coffee sector, the members of the Global Coffee Platform are working on indicators that show how effective the implemented measures are. Based on selected indicators, in future the Global Coffee Platform members will be obligated to report on their performance. The indicators will be selected and the mandatory report content compiled in 2018. Binding results are expected by the end of 2018.

► Sustainable coffee grades

Increased proportion of certified green coffee grades

In the medium term, we want to offer only coffees whose cultivation meets economic, ecological and social requirements. We took another step forward on this path in 2017, by increasing the proportion of green coffee grades which are certified by an international standards organisation by about 3.3% to 19.2%. Our certified coffees are sourced from coffee farms certified according to the requirements of Fairtrade, Rainforest Alliance, UTZ, or the organisations behind the European organic seal. All our premium assortments, such as the Cafissimo capsule range, were converted to 100% certified coffee grades back in 2012. Now we are gradually expanding the proportion in other segments as well. Since 2016 our For Black 'n White filter coffee has carried the UTZ seal. The Blonde Roast coffee product, newly introduced in 2017, as well as our Gala Espresso and Caffè Crema, all carry the Rainforest Alliance seal.

Coffee from sustainable farming*



* Fairtrade, Rainforest Alliance Certified, UTZ, organic seal, 4C Association basic standard

** We reduced the proportion of raw coffee grades validated according to the 4C baseline standards in 2016 and used the freed-up funds from the premiums for our 'Mainstreaming Sustainable Coffee Production' initiative.

*** Due to delivery delays at the turn of the year 2017/2018, part of the quantity of 4C validated coffee scheduled for 2017 was not delivered until 2018, and was therefore not included in the 2017 figure.

New paths in the mainstream segment

In 2016, we took a new strategic path in sourcing green coffee grades that are validated according to the 4C baseline standards. In our view, the basic requirements of the validation system for the 4C standards alone are no longer sufficient for a geographically comprehensive further development of the supply chain.

That is why, since 2016, we have increasingly shifted our commitment and financial resources from purchasing 4C-validated grades to our own Tchibo Joint Forces!® qualification programme and the 'Mainstreaming Sustainable Coffee Production' dialogue process. In the course of this, in 2016 we reduced our purchase volume of 4C-validated green coffee grades compared to 2015, and used the freed-up funds for 'Mainstreaming Sustainable Coffee Production' and our supply-chain programmes. In the year ahead, we plan to keep our purchase of 4C green coffee grades on a par with the previous year's level.

The total volume of green coffee included in Tchibo's sustainability concept (certified and validated as sustainable) totalled 26.4% in 2017, down on the previous year. The reason for this was a delivery delay at the turn of the year 2017/18: Part of the 4C coffee scheduled for 2017 was not delivered until early 2018. ✓

Internationally recognised standards for sustainable coffee farming

Internationally accredited standards organisations work to help coffee farmers increase their income, improve their living and working conditions, and increase environmental protection. Each organisation sets its own priorities in terms of individual objectives.

Rainforest Alliance

The Rainforest Alliance is an internationally recognised, independent environmental organisation that campaigns for the protection of sensitive ecosystems and promotes the sustainable management of land. The Rainforest Alliance Certified™ seal stands for ecologically sound agriculture and socially responsible corporate behaviour. This includes, for example, the conservation of natural resources and the creation of educational opportunities for coffee farmers. In January 2018, the Rainforest Alliance and UTZ merged to form a joint organisation under the name Rainforest Alliance. Using their combined strengths, the organisation will develop a common standard to address climate change, deforestation, poverty and social inequality.



Fairtrade

Fairtrade stands for better working and living conditions for smallholders and workers in Africa, Asia and Latin America. 1.6 million smallholders and workers already benefit from fixed minimum prices as well as the Fairtrade premium for community projects. Such projects can include, for example, the construction of schools and medical care centres, or investments in local infrastructure. Fairtrade prohibits forced labour and illegal child labour. The organisation provides support, training and advice for producers in the growing regions. Environmentally friendly cultivation is promoted. The independent certification company FLOCERT carries out on-site verification of whether producers and traders comply with Fairtrade standards.



UTZ

UTZ is not an acronym, but comes from the Mayan language, an indigenous people from South America, and means 'good'. And it is used here with good reason: UTZ trains coffee farmers in the fields of business, social working conditions and environmental management, helping them, e.g. by learning better farming methods, to operate more successfully while also protecting the environment. By purchasing UTZ certified products, Tchibo customers can actively promote better future prospects for farmers.



In January 2018, the Rainforest Alliance and UTZ joined forces to combine their expertise in sustainable land use and responsible business practices under a shared umbrella. Their new, jointly developed certification programme is due to enter into force in 2019 and will include a new standard for producers and a new system for monitoring the chain of custody.

Bio 'organic' label

Organic coffee is produced from sustainable agriculture in harmony with nature. Organic farming is characterised such things as the use of natural fertilisers and beneficial insects that keep the soil fertile in the long term. This method of farming also helps to conserve biodiversity and protect raw material reserves. The Bio label ensures the controlled production of organic products. The provisions of EU legislation on organic farming determine the standard. Only products that are produced and controlled according to this EU legislation may carry the Bio label. For more information, please visit: www.bio-siegel.de.



4C Association – Coffee Assurance Services (CAS)

In March 2016, the Sustainable Coffee Program (SCP) – a cooperation between international coffee roasters and the Netherland's Initiative for Sustainable Trade (IDH) as the public partner – joined forces with the 4C Association to form the Global Coffee Platform (GCP). This combines the strengths of the two organisations to jointly achieve a greater impact in developing a sustainable coffee sector.



The Baseline Common Code 4C is still the basic standard of the coffee sector, and has been administered by Coffee Assurance Services (CAS) since 2012. It operates as a standalone company, independent of GCP. CAS's shares have been owned by MEO Carbon Solutions GmbH since January 2018.

► Tchibo Joint Forces!®

Tchibo Joint Forces!®

GRI 203-1; GRI 413-1

In the supply chain: support for smallholders and their families

Our Tchibo Joint Forces!® qualification programme is dedicated to the coffee farmers in our supply chains. We support them in the step-by-step shift from conventional to ecologically and socially acceptable and economically sustainable coffee farming: through measures that are tailored to their specific challenges. This includes training, educational offers for the whole family, access to infrastructure, and the establishment of long-term supplier relationships. In Tchibo Joint Forces!®, we cooperate with green coffee exporters and traders, agricultural scientists and international standard organisations, governmental and non-governmental organisations. Since the start of the programme in 2012, we have reached some 34,000 coffee farmers in Brazil, Honduras, Kenya, Colombia, Papua New Guinea, Tanzania, Guatemala, and Vietnam with the Tchibo Joint Forces!® programme, and enabled approximately 20,000 of them to gain certification in accordance with the requirements of the internationally recognised standards organisations Fairtrade, Rainforest Alliance and UTZ, or validation to the baseline standards of the 4C Association.

In 2017 we launched three new Tchibo Joint Forces!® projects in Guatemala, Honduras and Tanzania. We obtain sustainable green coffee quality from these regions, e.g. for our Privat coffee range. In these projects, we collaborate with NGOs, standard organisations and retailers, and seek to help make coffee cultivation sustainable and profitable long-term for farmers, so that they and their families can improve their living conditions and we can secure our supply of green coffee grades.



Demand-driven further development of the TJF!® qualification programme

Both the global context and societal expectations have changed in recent years, as shown, for example, by the UN Sustainable Development Goals (SDGs) and the UN Guiding Principles on Business and Human Rights. Initial evaluations also show that we are not yet adequately meeting our own aspirations for making an impact. It

has become clear that the coffee farmers require even more demand-driven support, both with regard to the farmer's own state of development and the country-specific context. After all, they face myriad challenges ranging from climate change to increased production costs, markets that have become more complex, and insufficient educational opportunities for their children. Our goal in developing the programme is to work with farmers, cooperatives and other local actors to pinpoint the different needs through a process- and dialogue-oriented approach, and identify and test joint solutions. In particular, we want to further expand the greater consideration of the specific requirements of local farmers and cooperatives. The most important result of the development to date is the shift from the previous modular training programme to a toolbox. We want to contribute to the improvement of local and regional structures in line with the principle of "help for self-help." This toolbox is tailored to the different needs of each region, is scalable, and goes beyond the existing training modules.

The toolbox essentially comprises the following components:

- Training in sustainable cultivation, management skills, soil analysis, adaptation to climate change, quality improvement, and increasing production
- Long-term supply contracts
- Certifications according to the requirements of international standard organisations
- Educational offers (for children)
- Community projects

The aim is to increase the quality and quantity of the participating farmers' coffee and thus, their profitability. We want to improve the local structures in such a way that the measures have a lasting effect – even if this takes time. For instance, we fund our partners' training on using fertilisers and pesticides, on accounting, and on the sales process. By maintaining long-term, stable supplier relationships and reinforcing compliance in the supply chain with standards organisations, we maintain and improve the conditions for growing high-quality coffee. We also focus on specific topics, such as farming as a family business, or educational opportunities for children and teens, to also involve the farmers' families and communities in sustainable development and thus improve the overall living conditions in these regions.

Initial assessment of the effectiveness of Tchibo Joint Forces!® in Brazil

In 2016 we began to assess the effectiveness of Tchibo Joint Forces!®, to identify the measures that help farmers the most. We carried out the first baseline assessment at the Minas Gerais project in Brazil, where we buy Fairtrade-certified green coffee from COOPFAM. One of the most important findings of this assessment was that the coffee farmers prefer to sell their beans to the COOPFAM cooperative: they pay competitive prices, and offer training that the farmers feel is helpful. Most would like to sell exclusively to COOPFAM, but not all coffee beans are accepted due to a lack of quality in some cases. At the same time, it emerged that there are still no adequate best-practice methods regarding the use of pesticides, only for weeding and pruning. A need for improvement was identified during post-harvest processes (e.g. drying processes and storage). All in all, the farmers are not very good at estimating their costs, nor do they keep a record of these costs.



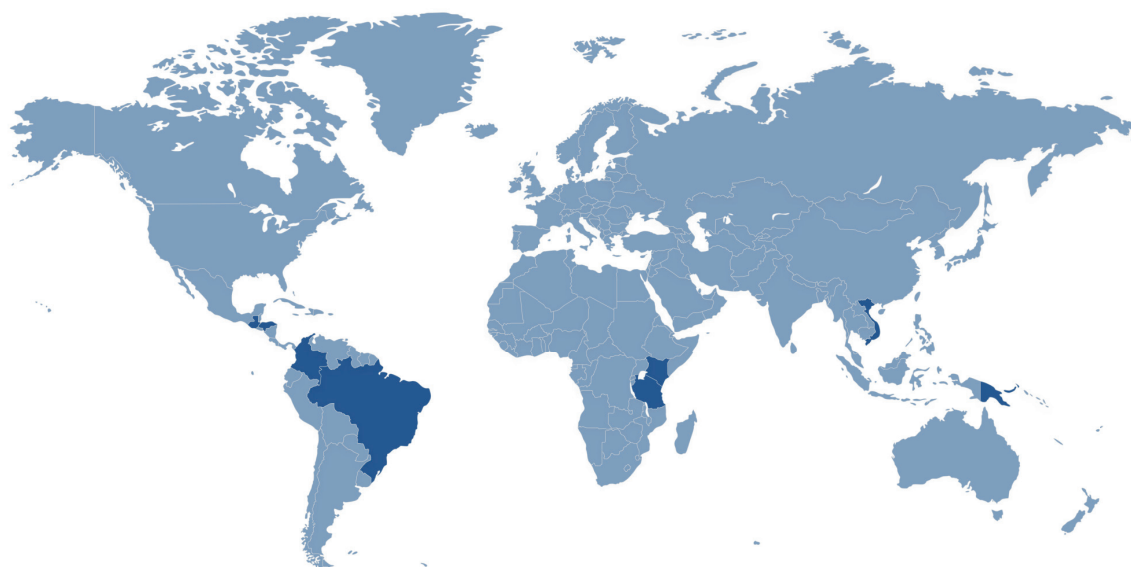
Based on the results of the effectiveness assessment, we came up with the following measures: The farmers will be offered training to improve post-harvest practices as well as for profitability calculation. The participation of women will be increased in addition to the existing COOPFAM programmes. In addition, best practice for the control of pests and diseases will be presented, and taste training ('cuppings') will be hosted to improve the understanding of coffee grades.

Following our positive experience in Brazil, in future we will focus even more on analysing specific local needs with the participation of the farmers' families.

For example, for the launch of a new project in Honduras in October 2017, we conducted several workshops and needs analyses together with Fairtrade, the Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC), our suppliers, cooperatives and local farmers. Now, we are working with the cooperatives and farmers to develop a project plan. In this first phase, our aim is to help them formulate their own needs and goals and develop their own solutions. We then make implementation possible through financial support, advice, and the provision of expertise.

Tchibo Joint Forces!® Qualification Program

34.000 coffee farmers have participated in the TJF!® qualification program to date.



16 projects (p = in progress; c = concluded)

Honduras (p:1; c:2)
Guatemala (p:1; c:3)

Colombia (c:2)
Brazil (p:1)

Kenya (c:2)
Tanzania (p:1; c:1)

Vietnam (c:1)
Papua New Guinea (c:1)

► Mainstreaming Sustainable Coffee Production

Developing more sustainability in the coffee sector

GRI 203-1

Besides our approach of qualifying selected smallholders in the supply chain through Tchibo Joint Forces!® we also want – as in the Non Food sector – to have a broader-scale impact. Above and beyond individual projects and certifications, we want to make a contribution to the coffee sector’s transformation towards greater sustainability – remaining focussed on the growing regions that are relevant to us.

This requires a process that is divided into several steps. First of all, it is a matter of initiating a dialogue among the relevant stakeholders. In this dialogue, the stakeholders develop possible scenarios for the region relevant to them, posing the question: how can a more sustainable coffee sector be achieved in this region? Building on this, the respective stakeholders are asked to formulate what their specific contribution to the solution should

and can be. In the coffee sector, we often fail to take this decisive step because the stakeholders and their interests are too varied, the issues too complex, the possible solutions too diverse, and the external influences and changes too strong to reach the goal in a plannable process. But we are confident that it is precisely the diversity of stakeholders and possible paths that will bring us to our goal. By consciously including the diverse perspectives and agreeing to small-scale tests for change, we seek to develop a way forward together.

Trial period in Minas Gerais (Brazil)

In Minas Gerais we are now testing whether this process can succeed in the coffee sector. Minas Gerais is one of the most important Arabica coffee-growing regions in Brazil and is of particular relevance for Tchibo – as for many other international companies – as the main region for sourcing green coffee. We have and many trading partners in this region. There are also well-developed local initiatives we can cooperate with, such as Certifica Minas or the national Brazilian platform of the Global Coffee Platform (GCP).

During the trial phase in Minas Gerais, we are contributing our experience from comparable dialogue processes in the textile sector, the WE (Worldwide Enhancement of Social Quality) qualification programme. There, too, we saw that a dialogue process can lead to concrete, albeit initially small, steps. We can derive insights for the coffee sector from this. In the process, we want to test what further steps result from our responsibility and where we have to modify our own behaviour. Our initiative's approach of exploring new paths was very well received at the launch event in Belo Horizonte in November 2017, which was attended by around 40 stakeholder groups. The workshop showed that there is a clear interest in jointly defining and testing what is required to develop all farmers in a region instead of just looking at the supply chains in isolation. However, it also became clear once again that the interrelationships are very complex, so that further dialogue is needed to be able to better build on existing structures and established foundations. Tchibo is currently in talks with its local partners to incorporate their feedback in the further collaboration.



If the pilot of the dialogue process in Minas Gerais, Brazil proves successful, it would make sense to establish such a process with local stakeholders in other regions as well.

► Collaborations to promote sustainable cultivation methods

In networks: Together for better framework conditions

GRI 304-3

Tchibo joins other relevant protagonists from the industry, politics, business, associations, trade unions and the social environment in multi-stakeholder initiatives to promote better conditions in the coffee-growing countries.

Our aim and approach in alliances is to improve the structural and financial framework for farmers in the origins (economic perspective), and to support the local communities, especially women and children, in matters of education and additional opportunities for income (social perspective). In addition, we are committed to preserving the ecological basis for the cultivation of coffee (ecological perspective).

Global Coffee Platform

In March 2016, the 4C Association merged with the Sustainable Coffee Program (SCP) to form the Global Coffee Platform (GCP), in a bid to combine the strengths of the two organisations and jointly achieve a greater impact in making the coffee sector sustainable. Many protagonists of the coffee industry are involved in the GCP. The platform coordinates its members' activities and works on creating transparency about the numerous initiatives in the coffee sector. The GCP serves as a moderator in the public-private dialogue and motivates its members to work for a more sustainable coffee sector. To facilitate public-private dialogue, the GCP signed a Memorandum of Understanding on collaboration with the International Coffee Organisation (ICO), in which the governments of most producing and consumer countries are represented, and developed a joint presentation in its 'Vision 2030'.



Tchibo was involved in the establishment of the GCP and sat on its steering committee until October 2017. Due to the rotation principle on the board, the composition of the steering committee has now changed. Tchibo continues to play a very active role in the GCP as a member and was instrumental, for example, in making the Letter of Intent (LoI), which was signed with the Federal Ministry for Economic Cooperation and Development (BMZ) at the beginning of 2017, happen. With this Letter of Intent, the GCP managed to put coffee back on the agenda of German Development Cooperation. As part of the action plan agreed in the LoI, the BMZ pledged financial support for the emerging Kenyan public-private coffee platform Sauti Ya Kahawa - The Voice of Coffee via the German Society for International Cooperation (GIZ), through the beginning of 2019.



Meanwhile, further innovative and practical tools were developed for GCP members in 2017, such as various webinars, newsletters, workshops and the collaborative exchange platform GCP Connect. The GCP is also working to develop common indicators for members, which can be used to measure whether and how the sector is developing sustainably.

As an open and inclusive organisation, the GCP will pursue the goal that its members work in a more focused manner and in voluntary alliances towards a sustainable development of the coffee sector. From 2018, members will be able to choose more specifically which countries and which topics (Economic Viability, Gender & Youth, Climate Smart Agriculture) they want to become involved with – ideally in new forms of public-private cooperation on complex, systemic topics – to strengthen the sector.

Vision 2020/2030: 30 GCP members from the private sector, including well-known roasters, exporters, and coffee traders, have signed up to the common agenda of the Vision 2030 Call for Collective Action, and thus committed themselves to its implementation.

The vision forms the basis of the new alliance and the shared understanding with the ICO. Only if all stakeholders pursue a shared vision can a greater impact be achieved in improving the living conditions of coffee farmers. The vision describes the measures that are necessary to create a sustainable coffee sector:

- Organise smallholders into cooperatives
- Improve productivity and income
- Avoid and prevent impermissible child labour

- Equal treatment of women and men, girls and boys
- Rehabilitate ecosystems
- Adapt to climate change, reduce contribution to climate change
- Access to funding, improve business knowledge
- Promote the producing countries' sustainability agendas

National platforms: In addition to the organisation's global structure, the establishment of national platforms with national participants was also supported. They can much better assess what is needed in a given country to promote the sustainable development of the coffee sector, bring together private- and public-sector stakeholders, and initiate regional solutions. National Sustainability Curricula are developed on the national platforms, which identify the country-specific conditions for improving sustainability.

Collective Action Networks (CAN): The thematic fields of Vision 2030 are grouped into 'CANs', as they involve global problems that require comprehensive solutions. The three CANs deal with climate change, the economic viability of coffee cultivation, and the involvement of women farmers and youths.

Tools for support:

- A global framework for performance measurement that allows the sector to continually evaluate, improve and publish the development and achievements of sustainability measures (work in progress)
- An online learning platform
- The Baseline Common Code as a sector-wide reference.

Based on the Sustainable Development Goals (SDGs), the members of the GCP have defined the priorities they want to work on in the years ahead:



International Coffee Partners

In 2001, Tchibo teamed up with four other leading private coffee companies (Löffbergs, Lavazza, Paulig and the Neumann Kaffee Group) to launch the International Coffee Partners (ICP) initiative. In 2010, the Norwegian company Joh. Johansson joined, and in 2014 the Croatian coffee trader Franck.



International Coffee Partners implements long-term model projects to strengthen the effectiveness of smallholders and their families, worldwide. The focus is on increasing the farmers' competitiveness based on sustainable farming methods, and promoting the organisation of smallholders into cooperatives – with the goal of empowering them to improve their living conditions.

International Coffee Partners cooperates with a wide range of partners from the public and private sectors.

In over 15 years, International Coffee Partners has completed 18 projects in 12 countries, into which more than 13.3 million euros in private and public funding were invested. This partnership has so far reached more than 63,000 smallholder households.

Initiative for Coffee & Climate

Tchibo is a co-founder of the coffee&climate initiative, which since 2010 has been addressing the issue of 'Effects of climate change on coffee cultivation', because climate change poses a threat to coffee production and hence to the farmers' livelihoods. To help farmers adapt coffee cultivation to the effects of climate change, coffee&climate has developed climate-friendly farming practices together with renowned scientists. Coordinated by the Hanns R. Neumann Foundation, local partners are trained to teach these practices to local farmers.



By autumn 2017, the initiative had reached around 30,445 households in Brazil, Trifinio, Vietnam and Tanzania whose livelihood depends on coffee cultivation. In 2017 coffee&climate also introduced a new Toolbox containing guidelines, manuals and 25 practical methods for adaptation and environmental protection, which were tested and validated with farmers on test plots.

To encourage the implementation of these practices and foster interaction and exchange at the local level, coffee&climate has initiated a Community of Practice (CoP) in Brazil. Local protagonists organise meetings at which participants share their knowledge about climate-friendly strategies and instruments in coffee farming. They also learn about coffee&climate's approach and help promote climate-friendly practices. Training courses and workshops are also part of the work on the ground.

Biodiversity in Good Company

Tchibo promotes the conservation of biodiversity and the protection of ecosystems in coffee growing. That is why, in 2012, we became a member of the German Federal Ministry for the Environment's 'Biodiversity in Good Company' initiative. The initiative brings together pioneering companies from different sectors to jointly develop solutions for preserving biodiversity worldwide. It also aims to raise public awareness of the issue of biodiversity.



When we joined, we signed a 'Leadership Declaration'. It commits us to integrating the preservation of biodiversity into our company's environmental and sustainability management, and to pursuing appropriate goals and measures. In 2016, we published our third progress report on the Leadership Declaration. We will publish the next progress report in the third quarter of 2018.

► Education projects in the countries of origin

Education as a basis for better living conditions

— GRI 203-1; GRI 408-1; GRI 413-1

Tchibo promotes better living conditions in the source countries with targeted educational projects. We cooperate with local partners to implement educational and vocational programmes for children and youths in particular, according to the principle of 'helping people to help themselves'.

Guatemala: Education and care for children and youths

In Guatemala, we promote childcare for migrant workers and pickers. The children's school holidays often overlap with the season for harvesting coffee cherries. Since there is hardly any childcare available, many migrant workers and harvest helpers take their children with them to the coffee fields. While the younger children play on the steep and dangerous slopes, the parents often let the older ones help them pick. This frequently involves crossing the line to impermissible child labour. We create alternatives by promoting educational projects and childcare options in various regions of Guatemala.

Together with the Coffee Care Association, we have since 2011 been active in the Huehuetenango region, where, during the harvest season, we operate day-care centres and offer vocational seminars for youths. We have now incorporated this project into our Tchibo Joint Forces!® programme, so that farmers' wives receive training and opportunities for additional income, while the men work as harvest workers on larger farms and the children are looked after. Currently, we are working on helping the successfully running project become self-sufficient. In other words, we want to support the local people in continuing the content of the project independently.



We have also been engaged in the Chiquimula region since 2013. Together with the world's largest children's rights organisation Save the Children, we initially opened six day-care centres in twelve municipalities in the Olopa region. During the last coffee harvest season from November 2017 to February 2018, we made it possible for more than 300 children to receive age-appropriate child care. 2,000 girls and boys at 18 schools in the region also received additional tutoring during regular school hours, so that more than 2,100 children have benefitted from our project activities since the programme was launched. The project is scheduled to become self-sufficient at the end of 2018, after which it will be continued by the local stakeholders.

In another project, „Niñez Feliz“, we support the education of children at 20 schools in the Jacaltenango region. So far, around 850 students have attended reading camps and around 1,150 parents have been involved in the project activities. They participated in reading-promotion activities, founded project groups, or joined child advocacy committees. Indirectly, approximately 10,000 children and 20,000 adults have been reached in this way since the project began.

Tanzania: improving vocational training opportunities at an early stage

The project we launched with Save the Children in June 2015 was completed in December 2017. Together, we had set out to improve the educational opportunities of Tanzania's children and teens, as many of them leave school at just 13 to 15 years old, without being able to read and write properly, and without having earned a graduation certificate.



Save the Children®

Our project focused primarily on two aspects. We worked to improve the quality of education at primary schools so that more pupils go on to finish school. This enabled children at 16 project schools in the Mbeya region to regularly attend and complete primary school. We also helped young people find a training centre where they could learn skills like tailoring and carpentry. This opens up other opportunities for young people – beyond coffee growing – to earn their own income and establish a sustainable livelihood.

The project was aimed not only at pupils, but also at parents and teachers. Parents were encouraged to promote and demand education for their children. Further training enabled teachers to make lessons more practical and child-friendly.

Even if the final project evaluation is not yet in, positive change processes can already be seen. They help empower youths to break the cycle of poverty long-term. By the end of the project in December 2017, we were able to directly reach 3,965 children, 525 teens, 59 teachers, as well as 1,859 parents and 548 women.

Findings and future orientation

We are currently preparing a project evaluation for the project in the Olopa region of Guatemala, so as to further develop our programmes. In addition, regular reports detailing the qualitative and quantitative results are prepared for all projects. However, at this point, a well-founded impact assessment is still difficult, as this can only be investigated in the long term for most project elements and developments outside the project always have an influence as well.

Basically, we have found, based on our project experience to date, that close cooperation with local organisations is essential for a project's success and its possible transfer to self-sufficiency. We have also found that by linking social projects more closely to our supply chain at source, we can provide closer support on our part and achieve a greater impact on the ground. One example of this is our project with the Coffee Care Association in Huehuetenango, Guatemala, which we have linked to our Tchibo Joint Forces!® coffee qualification programme. Here, we are seeing a greater impact than in the other project regions that are not immediately linked to Tchibo supply chains.



Consumer Goods Value Chain

► Strategy & management

A responsible value chain

Managementansatz: GRI 203; GRI 301; GRI 308; GRI 407; GRI 408; GRI 409; GRI 412; GRI 413; GRI 414
 GRI 102-9; GRI 308-2; GRI 409-1; GRI 412-3; GRI 414-2

In weekly-changing theme worlds, we offer our customers consumer goods that are distinguished by their quality and variety. We take care to ensure that social and environmental standards are complied with in the sourcing of raw materials and in production, and include sustainability aspects in our product design. We are working to further increase transparency in our value chains so as to bring about improvements at upstream supply chain levels as well. Global challenges in the supply chain that we cannot solve on our own are tackled through cooperation projects, ideally in industry-wide initiatives. ✓

Since 2006, sustainability has been an integral part of Tchibo's corporate strategy. On our way to becoming a 100% sustainable business, we continually expand our assortment of sustainable consumer goods, implement social and environmental standards in the supply chain. We team up in initiatives with other stakeholders to develop possible solutions to the challenges of globalisation. We take our responsibility as a value-oriented family-owned business seriously, and believe that business success must not be at the expense of people and the environment. With a view to future generations, we also see it as the task of companies to do their part for a humane development of society and for the preservation of our natural environment. ✓

The opportunities and challenges of global supply chains ✓

The liberalisation of the flow of goods and finances has resulted in a global division of labour in which countries focus on their specific competitive advantages. Tchibo sources a large proportion of its textiles and other consumer goods from Asia and Eastern Europe, where they can usually be produced at cheaper prices than in Western and Southern Europe, quite aside from the fact that many product categories can only be sourced from there. At the same time, Tchibo – like other companies – is confronted with risk factors. These include a disregard for labour and social rights, as well as environmental standards. We are convinced that the international division of labour can open up opportunities for everyone if people and the environment are given consideration and treated considerately in our [collective] actions. That is why we work for a sustainable design of our consumer goods value chains.

The cultivation and processing of raw materials such as cotton and wood have repercussions for people and the environment. For example, cotton farming requires large amounts of water, and chemical pesticides and fertilisers are applied to the cotton plantations and forested areas. The further processing of these raw materials also often takes place without adequate attention to environmental and social standards. Tchibo is aware of this problem – which is why, as a responsible company, we are continuously reducing the negative impact of our business activities on people, the environment and society. This includes our implementing social standards in the supply chain, such as occupational health and safety measures, as well as environmental standards, such as resource conservation and chemicals management. Making sure our value chains are sustainable also means expanding our sustainable product ranges and promoting sustainable consumption. For example, by building demand for sustainably grown cotton, we are also promoting sustainable agriculture. By making sustainable consumption possible for our customers, we are also making a contribution to increasing sustainable growth.

Focuses of our measures on our way to a 100% sustainable business ✓

We continually develop the focuses of our sustainability management work. As long ago as 2012, we evaluated and mapped them for our Consumer Goods value chain as part of a materiality survey conducted with our stakeholders. We defined ‘environmental and social standards in the supply chain’, ‘resource-conserving product design’ and ‘supplier qualification’ as our focus topics.

These priorities guide us in developing concrete goals and actions on the way towards becoming a 100% sustainable business. In 2017, too, we conducted extensive and targeted stakeholder dialogues and stakeholder surveys that will be incorporated into the further development of our focus topics. In the field of social standards, for instance, we are redoubling our focus on transparency in the supply chains and on human rights, bearing in mind especially the United Nations Guiding Principles on Business and Human Rights (UNGs), their implementation in the framework of the National Action Plan for Business and Human Rights (NAP), and their Sustainable Development Goals (SDGs), which we also regard as global frame-works for our own sustainability agenda.

SUSTAINABLE DEVELOPMENT GOALS



We pay particular attention to the sustainable design of our value chains. Our company size enables us to achieve significant effects in this connection. On the way towards becoming a sustainable business, we work step by step to design all products and processes in an environmentally and socially acceptable way. We concentrate on those areas where we have the greatest impact on people and the environment, and where we can have the most influence:

- responsible business practices
- gradually obtain raw materials and ingredients exclusively from sustainable sources
- permanently improve working and environmental conditions at the production sites
- tackle structural challenges through cross-industry coalitions and alliances

Guidelines and Principles for our Responsible Business Practices

In striving to continually improve our sustainability management, we are guided by international guidelines, in particular the Sustainable Development Goals (SDGs) as an overarching global framework, the United Nations Guiding Principles on Business and Human Rights for socially responsible conduct in the supply chains, the National Actions Plan on Business and Human Rights (NAP), the conventions of the International Labour Organisation (ILO), and the principles of sustainable development based on the Rio Declaration of 1992. EU regulations (e.g. the REACH regulations for chemical management) as well as German legislation (for example, the Waste and Packaging Act and Food and Consumer Goods Act) provide the legal framework for the sustainable design of our products and processes.

Based on this, we have formulated the following binding principles to guide us in designing sustainable value chains for consumer goods:

- **Dialogue and participation:** When working with our suppliers, we involve both the management (top-down) as well as their employees (bottom-up). This turns everyone involved into 'owners' of the processes and improves the prospects of finding solutions that are acceptable for all parties.
- **Setting targets:** We set ambitious but realistic goals regarding our business practices, regularly monitor results, and work on continual improvements.
- **Responsibility in the day-to-day business:** Our operational departments such as Purchasing, Quality Management and Marketing are responsible for the developing and implementing change measures. Where necessary, Corporate Responsibility plays an initiating, co-creating and accompanying role.
- **Openness and willingness to learn:** We don't seek to instruct, but listen to our stakeholders, openly address problems, are self-critical, and learn from our mistakes.

Social and environmental standards as minimum requirement

Since 2006, sustainability has been integrated in our company's strategy and is a core component of all business processes. The Tchibo Social and Environmental Code of Conduct (SCoC), which we developed in cooperation with our stakeholders, is the foundation for this. It defines minimum requirements for working conditions and environmental standards in the production of our consumer goods, and is the basis of all purchasing contracts. Developed in 2006 as the Tchibo Social Code of Conduct, in 2011 the Code was expanded to include environmental requirements. By signing the SCoC, our producers commit to social and environmental standards at their production sites. This includes occupational safety, the prohibition of child labour and discrimination, the recognition of trade union rights, and measures to avoid negative environmental impacts.

In 2017, we revised the SCoC again. It now includes further environmental requirements as well as additions that became necessary due to our commitments under the Global Framework Agreement with the IndustriALL Global Union, the Partnership for Sustainable Textiles, and the SDGs.

Engagement in industry-wide initiatives

For many structural challenges in the value creation chains, there are no complete solutions available at this time, but some stakeholders already have individual partial solutions. In order to bring combine these and achieve change with concerted strength, all the relevant stakeholders need to join forces in alliances. That is why we work closely with other retailers, producers, governments, trade unions and non-governmental organisations, science and trade unions, and are involved in cross-industry alliances, to implement global solutions step by step. In our collaboration with other stakeholders, we want to more clearly address not only grievances such as discrimination or low wages, but also the underlying systemic causes. Examples of this include our strategic alliance with the German Association for International Cooperation (GIZ) and REWE Group as well as our cooperation in the Partnership for Sustainable Textiles.

In September 2016, Tchibo became the first German trading company to sign a framework agreement with the IndustriALL Global Union. The idea is to make it possible for employees and trade unions at the production sites to negotiate – wages and social benefits in particular – with factory owners and management. As a member of the ACT (Action, Collaboration, Transformation) initiative we also work in partnership with IndustriALL and other international trading companies on living wages and industry-wide wage bargaining between social partners on an equal footing in the clothing industry.



As long ago as 2012, Tchibo became the second company in the world to sign the 'Accord on Fire and Building Safety in Bangladesh' and contributed to its negotiation, entry into force, improvement and ongoing implementation. In 2017, we signed a follow-up accord for another three years. It will continue the accord until such time as the public authorities in Bangladesh can take over its work.



In 2015, we joined the Partnership for Sustainable Textiles initiated by Germany's Federal Ministry for Economic Cooperation and Development (BMZ). The focus of the alliance of politics, business, standards organisations, NGOs, trade unions, science and academe and other stakeholders is committed to implementing environmental and social standards at all stages of the global textile supply chain.



As part of our membership, we are on the one hand implementing our own published 'roadmap', and on the other hand have provided support in two ways since 2016: an alliance initiative to systemically improve the working conditions of girls and young women in spinning and textile mills in the southern Indian state of Tamil Nadu. The second initiative is dedicated to chemical and environmental management and builds on our strategic alliance with the German Association for International Cooperation (GIZ) and the REWE Group. As part of this alliance, a training and qualification program has been developed that is being carried out in production facilities in China and Bangladesh. Following on from this, we want to work with the alliance initiative to support the establishment of national qualification structures in other countries as well. As part of the exchange of experience, Tchibo also participated in the production of a brochure for small and medium-sized enterprises on the subject of combating corruption in the supply chain.

In Myanmar, we also work with the German Society for International Cooperation (GIZ) on the 'Working and Social Standards in the Textile and Clothing Sector in Asia' project, to ensure compliance with human rights and labour standards by our core suppliers there.



In 2016, we became a member of the multi-stakeholder initiative, Organic Cotton Accelerator', which was launched in 2014. In it, we work with protagonists from the international cotton industry to strengthen the production of organic cotton and establishing a sustainable organic cotton market.



► Sustainable resources and products

Raw materials and other materials from sustainable sources

Our products have to meet high standards: they must be well-made, be in line with current trends, and at the same time be durable. But for us, quality also means that the raw materials they contain are obtained from sustainable sources. We are therefore continually expanding the proportion of raw materials and other materials processed in our products from responsibly managed sources. We work with independent standard organisations and reliable partners. For materials for which no recognised certificates or accreditations exist yet, or where we feel the existing certificates are not sustainable enough, we advocate the development of new standards and innovative solutions.

Our consumer goods are rarely made of just one material. They usually made of several components - as is the case with a children's raincoat or a parasol, for example. This complexity requires a systematic approach when it comes to designing products sustainable as a whole. That is why we further evolved our strategic approach to sustainable resources and products in 2016 and, like our non-food articles, divided it into two central product groups: Textiles and Hard Goods. Textiles include clothing, sports and functional wear, bed linens and much more. The 'Hard Goods' product group includes, for example, cleaning utensils, furniture and electrical appliances.

We are initially focusing on the main components of our products. In the case of textiles, this is mainly cotton. Our goal is to cover the main component, such as cotton, exclusively from sustainable sources by 2020. In the second step we look at the material used in the next higher proportion, such as spandex, and in the third step at the additional components, such as buttons. Concurrently to this, we examine the manufacturing process and work with more eco-friendly waterproofing for our rainwear, for example. By taking this approach, we plan to achieve a significant further increase in the environmental and social compatibility of our products by 2020.

Ways to reduce the use of resources

In designing our products sustainably, we are also increasingly considering the closed-loop capability of materials and products, i.e. the use of recycled materials, and the durability and recyclability of consumer goods. The aim is to continuously increase the proportion of recycled materials, especially synthetic fibres and plastics. In 2017, we therefore produced products made from recycled, relatively environmentally friendly polypropylene (PP) – a material that we also use for the recyclable Tchibo Cafissimo and Qbo coffee capsules. In addition, we are continuing to work on the nationwide establishment of take-back and recycling solutions. To this end, in 2017 we signed a cooperation with the non-profit umbrella organisation FairWertung e. V. to take back used textiles.

Natural fibres, synthetic fibres and materials of animal origin

With textiles, we distinguish between four categories of fibre: natural fibres (nearly exclusively cotton in our case), cellulose-based manmade fibres, synthetic manmade fibres, and fibres of animal origin.

1. Natural fibre: Cotton

Cotton farming has an impact on people and the environment. Conventional cotton cultivation often consumes a lot of water, harmful pesticides are used, and cotton workers frequently work under difficult conditions. We therefore consider the use of cotton from sustainable farming as the only way. In the 2017 sales year, around 80% of the cotton used in our clothing and home textiles came from more sustainable sources. The majority of our sustainable cotton is certified as organically grown and is either certified according to the -Organic Content Standard (OCS) of the international non-profit organisation Textile Exchange or the Global Organic Textile Standard (GOTS). We also support the Aid for Trade Foundation's Cotton made in Africa (CmiA) initiative and purchase sustainable CmiA cotton from sub-Saharan Africa. To supplement our collaboration with international organisations, we are working on establishing our own direct partnerships with projects such as the Appachi ECO-LOGIC project in southern India.



In the October 2017 edition of the Textile Exchange's annual Organic Cotton Market Report, we were named as the third-largest organic cotton vendor for the third year running. We also were #2 in the WWF, Pesticide Action Network UK and Solidaridad's 2017 Sustainable Cotton Ranking of the 75 largest cotton processing companies worldwide. This placement underscores our integrative approach to promoting sustainable cotton cultivation and thus improving the livelihoods of many farmers, their families and workers.



By 2020, we intend to exclusively use cotton that is more sustainably grown in our clothing and home textiles. However, this will only be possible if supply chain integrity, transparency and a positive impact of the market structures are given – as a basis for improving the living and working conditions of the people in the cotton sector, and for more environmental protection during cultivation.

Achieving these improvements requires solutions to the systemic challenges that are associated with growing organic cotton in particular, but also with sustainable cotton cultivation in general. That is why, since 2016, we have been a member of the 'Organic Cotton Accelerator' (OCA) initiative, which is committed to the cultivation and use of organic cotton at sectoral level. We work together with other well-known clothing companies in this multi-stakeholder initiative to promote a prospering cotton sector that benefits everyone: from the farmer to the consumer.

Organic cotton (Organic Content Standard): Tchibo is the world's third-largest customer of organic cotton. We are a member of the Textile Exchange, a non-profit organisation that campaigns worldwide for a more sustainable textile industry. To do this, it brings together brands and retailers with manufacturers and raw material suppliers, cotton farmers and major stakeholders. We use the Organic Content Standard (OCS) for our organic cotton products.



Organic cotton (GOTS standard): To continuously develop our product assortments in line with our sustainability standards, we have been working, since 2014, on increasing the share of GOTS-certified products in our assortment. The Global Organic Textile Standard (GOTS) starts with the controlled organic farming of natural fibres and covers all processes in the supply chain: from harvesting the raw materials, to environmentally and socially responsible manufacturing, which includes printing and dyeing, through to the finished product. In 2015, we first began selling GOTS-certified textiles. In 2017, we expanded our range of textiles certified in accordance with the GOTS standard and launched our first GOTS-certified baby collection. Besides GOTS-certified baby textiles, a large proportion of our bed linen range is also GOTS-certified.



Cotton Made in Africa (CmiA): Cotton made in Africa is an initiative of the Aid by Trade Foundation. Its goal: to improve the living conditions of smallholders in sub-Saharan Africa and promote eco-friendly farming methods. The farmers attend local training sessions to learn efficient and sustainable farming methods that help them to achieve better yields while protecting the environment and their health. Tchibo has supported the initiative since 2008 as a consumer of CmiA cotton and as a partner in community projects.



ECO-LOGIC cotton from the Appachi ECO-LOGIC Project: We first worked with the Appachi ECO-LOGIC Project in southern India in 2015. Deliberately turning the supply chain 'upside down', we started with the raw material: Appachi ECO-LOGIC cotton, which is produced in a socially and environmentally sustainable way. For processing it, we built up the supply chain, especially in India. Production is handled by manufacturers from Tchibo's supplier qualification programme WE (Worldwide Enhancement of Social Quality). We introduced the first three Appachi ECO-LOGIC products to our range in 2016. In 2017, our first collection of ECO-LOGIC cotton from the project was launched at the 'Tchibo Green Carpet' event in Hamburg, to which we invited customers, journalists, bloggers, Tchibo employees and our partners from India. In 2018, the cotton from the project will be processed in two collections.



2. Cellulose-based manmade fibres: Viscose, Modal and Lyocell

Likewise, Tchibo takes care to ensure sustainable sources when it comes to the cellulose-based manmade fibres viscose, Modal and Lyocell. Two factors are important in the context of cellulose fibres: where the cellulose comes from, and how the raw material is processed into a textile fibre, because the production of the fibres requires a lot of energy and water, as well as chemicals.

In 2017, approximately 78% of the cellulose used by Tchibo for its apparel textiles was obtained from more sustainable forestry, and a major share of it was also processed in an eco-friendly way.

To make our apparel and home textiles containing cellulose-based synthetic fibres more sustainable, we source man-made cellulose fibres from the Lenzing group. Lenzing not only procures the wood for producing the fibre from responsibly managed sources, but also focuses on environmental standards in production. Besides viscose made by Lenzing, we currently use the Tencel®, Lenzing Modal® and Lenzing MicroModal® fibres. We are also working on using Lenzing's EcoVero™ in products for the 2019 sales year.



With our share of cellulose-based manmade fibres from more sustainable sources, we made it to fifth place among our international peers in the Textile Exchange's Preferred Fibres and Material Benchmark 2017.

3. Synthetic manmade fibres: polyester, polyamide, etc.

Oil-based synthetic fibres require the use of mineral oil, a non-renewable resource. Their production also consumes a lot of energy and water. However, as we cannot do without synthetics in many textiles, such as raincoats, functional wear, and other outdoor garments, we are working on the use of recycled fibres and materials. We will launch the first products at the beginning of 2018. In this way, we reduce the use of non-renewable resources like mineral oil and facilitate the re-use of materials that have already been produced.

4. Materials of animal origin

In addition to ecological, social and societal aspects, we believe that a sustainable business also extends to animal welfare. We firmly believe that animals should be treated ethically and in a species-appropriate manner and strictly reject unsustainable conditions of housing, slaughtering and production. Therefore, in the long

term, we only want to use materials of animal origin for our products if we can ensure together with suppliers, non-governmental organisations and other stakeholders that no animal is exposed to unworthy conditions. At the same time, we are working on offering alternatives.

We have already reached milestones on this path. Since 2008, we have not sold any products with real fur. To confirm this, we became a member of the international 'Fur Free Retailer Program' in 2013. The program is an initiative of environmental and animal welfare associations, such as the animal welfare organisation VIER PFOTEN. Our products with artificial fur are accordingly labelled with the Fur Free logo.



Beyond this, since the beginning of 2014, we have no longer offered any products containing angora wool, as we cannot guarantee the proper keeping of angora rabbits.

For our products made from merino wool, we explicitly exclude mulesing, a common practice in Australia and New Zealand that involves removing strips of skin from around the merino lamb's tail without anaesthetics. This serves to prevent infestation with maggots (myiasis), which proliferate in the skin folds of merino sheep. Beyond banning mulesing, we supported the development of an industry-wide standard for sustainable wool, the 'Responsible Wool Standard' (RWS) by being part of the Review Group. We are currently working on selling the first products with RWS-certified wool in our 2019 assortment.

We oppose down and feathers from sources that use live plucking or force-feeding. In the field of apparel textiles, we have promoted the use of synthetic materials that are qualitatively comparable to 'real down' while significantly reducing our range of products containing down and feathers. In the past, our home textiles assortments were certified according to the 'Traumpass' standard. As we felt its requirements with regard to the relevant animal welfare aspects were not stringent enough, we are currently working on switching to the new, stricter 'Downpass' standard. The standard stands for the exclusion of live plucking and of product from foie-gras production as well as for monitored breeding. Our bedding range will meet the Downpass standard as of the third quarter of 2018.

Concurrently to our efforts for responsible materials of animal origin, we are working to further expand our range of plant-based and synthetic alternatives.

Wood and paper from responsibly managed sources

Many of our products are made from wood and paper. To verify that the wood used comes from legal sources, we use the 'Forest Tracing System' (FTS), which we developed with the support of the World Wildlife Fund for Nature (WWF) for our all wood and paper products. In addition, in 2017 around 58% of our wood products and all our garden tables and chairs, as well as all our papers, such as packaging papers and cardboards, and crafts papers, were certified in accordance with the strict guidelines of the Forest Stewardship Council (FSC®) or purchased from regional sources.



Das Zeichen für verantwortungsvolle Waldwirtschaft

Environmentally and socially responsible processing

In the manufacture and processing of textiles, work steps are still being used that pose considerable health risks for factory employees. To counteract this and protect employees, Tchibo prohibits such methods and asserts the following.

Exclusion of sandblasting

One way to achieve the popular 'distressed' or vintage look in jeans is a processing technique called sandblasting. This involves blasting the garments with fine sand dust, a method that entails considerable health risks for employees. Inhaling the fine-grained dust can cause silicosis – a disease that destroys the lungs. When the

health consequences of sandblasting became known in 2009, Tchibo promptly informed all suppliers about its health hazards. Since 2010, we have banned sandblasting in the production of clothing and buy only from factories that do not use this process.

Exclusion of chemical blasting for denim articles

Since 2012, not only sandblasting, but also chemical blasting – i.e. the spraying of denim items with chemical bleaching agents such as potassium permanganate (KMnO₄) or sodium hypochlorite (NaHClO₂) – has been excluded for Tchibo products. Although the use of these chemicals for creating a fashionable used-look effect is highly market-relevant, it poses risks to occupational safety and the health of users. For example, adequate occupational safety is often not guaranteed. In 2017, Tchibo therefore included these two substances on the Manufacturing Restricted Substances List (MRSL) for this area of application as part of its Detox Commitment. Instead, we prescribe that the used look of our products must be produced mechanically.

Chrome-free tanned leather

For the manufacturing of leather, animal skins are tanned to make them durable. The most common method is chrome tanning, since it yields top quality and takes little time. Most of the leather products currently available on the market are chromium-tanned. However, during this process, chromium-VI compounds which are particularly harmful to the environment and health can be formed and released. That is why we worked together with our partners to use chromium-free processes without impairing the functional properties of the leather and since 2016 have tanned all products made from and with leather using a chrome-free process.

► Sustainable and transparent supply chains

Integrative supplier management

— GRI 407-1; GRI 408-1; GRI 413-1; GRI 414-1

The production countries and factories for our consumer goods are chosen based on the requirements of our strategic risk management: we source particularly relevant product groups from at least two production markets – if possible – to ensure availability. We choose the factories carefully, following strict guidelines, to ensure that they meet our quality and sustainability standards. We see long-term business relationships with strategic partners as a decisive point of leverage. This is why, in 2017, we further reduced, in a socially responsible way, the number of suppliers that work for us to around 600, and continued working intensively with the suppliers to these key producers. As part of this risk-minimising purchasing strategy, there are specific characteristics for three purchasing countries:

- **Bangladesh:** For years, Bangladesh has been one of the growing markets for purchasing clothing internationally. We have a direct business relationship – i.e. do business without intermediates – with a few selected producers there. These include long-term partners as well as newly opened, modern factories that meet our strict quality and sustainability requirements. Since 2012, we have handled purchasing in Bangladesh via a separate office in Dhaka. This greatly facilitates our oversight of the factories.
- **Ethiopia:** The historic Turkish company Ayka Textile has been our supplier for many years. Since 2010, Ayka has had a textiles factory in Ethiopia as well, which we source products from. Ayka has fully integrated production in Ethiopia, i.e. all the production stages of cotton processing through to the finished product are concentrated in a single, modern factory. We have been involved locally here since 2011, especially with our WE programme, and will continue these efforts in 2018.

- **Myanmar:** Because around 50% of our consumer goods assortment is produced in China, we work with longstanding partners there, too. To stay competitive, Chinese companies are increasingly investing in the garment industry in other Asian countries, e.g. Myanmar. We only accept the factories there if our suppliers can prove that they meet our stringent standards for quality, environmental, and social responsibility.

Ensuring respect for human rights in the supply chain

In 2011, the United Nations adopted the Guiding Principles on Business and Human Rights. They are based on existing human rights commitments such as the International Human Rights Charter and the ILO core labour standards. As an international framework, they formulate requirements for the public and private sector, and for the first time form a generally accepted reference framework that also obliges businesses to respect human rights in global supply and value chains and prevent human rights violations. The National Action Plan for Business and Human Rights (NAP) was adopted at the end of 2016 to implement the United Nations Guiding Principles on Business and Human Rights. In it, Germany's Federal Government has for the first time, enshrined the responsibility of German companies for respecting human rights in a fixed framework.

We are aware of this corporate responsibility and integrated due care for human rights into our business practices many years ago. We follow the guideline of respecting human rights and preventing violations of human rights – from raw material to product, above and beyond compliance with national laws. We are committed to ensuring that workers in the supply chains can assert their rights.

As a responsible company, we continuously conduct risk analyses on current human rights issues. In February 2017, for example, we cancelled our participation in the international clothing summit in Dhaka with other manufacturers to protest the Bangladeshi government's repressive action against workers and trade union leaders. In December 2017, in a letter co-authored with other leading brands and trade unions, we called on the Myanmar government to recognise the rights of the Rohingya ethnic minority.

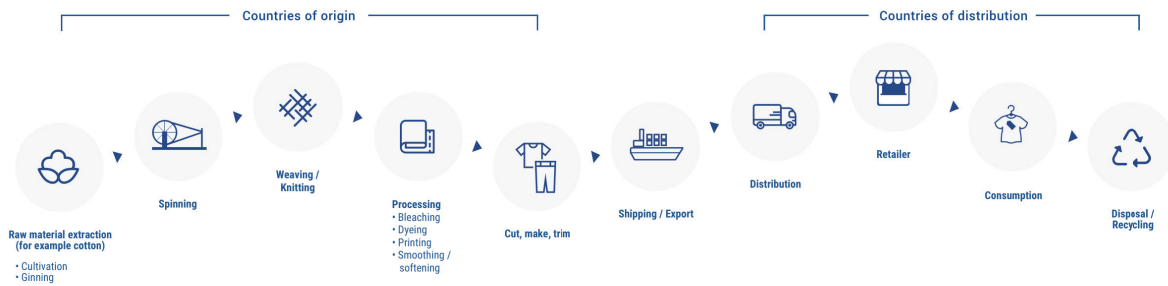
One key element in improving working conditions at production sites is our WE (Worldwide Enhancement of Social Quality) qualification programme, through which we have since 2007 supported 364 producers in implementing and improving their labour and social standards using dialogue-based training. Another important step on this path is the signing of the framework agreement with the IndustriALL Global Union in September 2016. The aim of this agreement is to further improve working conditions in the Asian production sites from which Tchibo sources products. This includes, in particular, the workers' right to form unions and engage in collective bargaining. In close coordination with the IndustriALL Global Union, we began implementing this in the priority countries Ethiopia, Bangladesh, Myanmar, and Turkey in 2017.



Creating transparency in the supply chain

An essential prerequisite for making supply chains sustainable is transparency. But supply chains are complex, as exemplified by the supply chain for cotton textiles: there are many steps in getting from cotton farming to finished garment, not just harvesting and transporting the raw material, but also other upstream steps such as spinning, weaving, knitting, dyeing, washing, packaging, packing. These are often carried out by different suppliers in different countries. In addition, there are suppliers of 'ingredients' such as buttons, zippers and appliqués. Knowing these different stages of the value creation chain is a challenge that we tackle together with our suppliers, because asserting labour, social and environmental standards involves the entire supply chain of all products, not just the last step of manufacturing. Our concept of focusing on fewer producers and developing them into strategic suppliers greatly facilitates this task.

Process steps in the textile supply chain



To increase public transparency in global supply chains, in early 2017 we published our list of producers for home textiles, clothing and footwear, and updated it in early 2018. More and more NGOs and consumers want to know where products come from and under what conditions they are made. We want to meet this need for information. At the same time, however, it is important to us to limit expectations of transparency, because transparency is one thing, change is another. Greater transparency is not always accompanied by improvements. This applies in particular to production steps that lie deep in the supply chain, such as Tier 3 or Tier 4. This is one reason why we have so far taken a critical view of transparency in the form of traceability – it involves considerable manual effort in data collection, which devours capacities that we would rather invest in change programmes. Besides, we have known for some time that many problems are so complex that they have to be dealt with in cooperations. The focus on single supply chain approaches, driven by traceability requirements, carries the risk that time and energy cannot flow into change measures. Moreover, this step involves risks for our business, because by publishing our lists of producers, all our competitors now have transparency about the production sites we have qualified – including those competitors who choose not to publish their own lists of producers. This carries the risk of losing supplier capacity for our own needs. However, we rely on the principle of fairness in competition and feel that society's interest in transparency in global supply chains is more important than the potential threat to our individual interests.

In 2017, Tchibo also further increased the transparency of wet operations - i.e. upstream suppliers that use water and chemicals on a large scale. Since integrating a corresponding query into our standard processes, we have received information on the relevant preliminary stages for around 90% of the textile products placed. In all, 166 wet operations were identified where water-based processes such as dyeing or finishing are carried out.

Supplier qualification: building trust and improving conditions in dialogue

Since 2007, Tchibo has relied on the WE qualification programme to achieve a long-term improvement in working conditions at the production sites and ensure respect for human rights, especially in Asia. The dialogue programme, which was jointly developed with the Germany's Society for International Cooperation (GIZ) and Federal Ministry for Economic Cooperation and Development (BMZ), locally supports producers in complying with human rights at their factories and gradually improving working conditions. Through dialogue and training, Tchibo empowers employees, managers and employees in the production facilities, as well as their representatives, to build and maintain mutual trust; moderated by trained dialogue facilitators, they independently develop solutions. Tchibo employees are an integral part of this dialogue. This approach has had a tangible impact: thanks to WE, occupational health and safety have been improved, wages increased and benefits such as accommodation, canteen meals and opportunities for recreation improved. By the end of 2017, 364 producers from eleven countries (Bangladesh, Cambodia, China, Ethiopia, India, Laos, Myanmar, Pakistan, Thailand, Turkey and Vietnam) had participated in WE training courses or completed the programme. This means we have reached around 360,000 people in factories to date – managers as well as workers.

In 2015, based on a project evaluation and our many years of experience, we began to develop the next step in the evolution of the WE programme. On the one hand, the idea is to tailor the programme even more individually to the respective production countries and increase its effectiveness. On the other, we are focusing WE even

more stringently on human rights in accordance with the ILO Core Labour Standards, to boost social sustainability. We are also separating out the environmental standards training from the WE programme, and shifting it to independent programmes and projects as part of our Detox Commitment. This allows us to delineate the topics more sharply from each other and increase the effectiveness of the measures, as the two topics require different implementation approaches.

Five key topics will form the core of the programme from now on: prevention of modern forms of slavery, occupational health and safety, living wages and reasonable working hours, freedom of association and collective bargaining, and protection against discrimination and sexual assault. The training and measures related to these key topics are based on international and national standards, guidelines and laws. The factory's employees and managers and the local dialogue coaches independently decide which of the focus topics they consider a matter of priority, based on their individual circumstances.

At the Fair Wear Foundation (FWF) conference in November 2017, the 'Strong Together' project, which we carried out in cooperation with hessnatur, came third in the Best Practice Award 2017. In cooperation with hessnatur, we were able to sustainably improve working conditions in a supplier company through intensive training and restore the destroyed trust between the union and management.

Case study: Ayka Textile

In Ethiopia, we cooperate with the Turkish textiles company Ayka Textile, which opened a factory for clothing and textiles in Addis Ababa in 2010. At Ayka Textile in Ethiopia, all production steps take place at one site, from processing the cotton to the finished product. Around 6,000 employees work at the Addis Ababa site. We have been running our WE programme (Worldwide Enhancement of Social Quality) here since 2011 and have achieved a great deal since then. Communication and the working atmosphere have improved significantly, a pay-scale system has been established, co-determination structures have been introduced and are also practised, and there is a trusting and constructive working relationship with the local trade union. Discrimination cases have decreased significantly, occupational health and safety measures have been introduced and benefits improved for all employees.

In the autumn of 2017, we faced a major challenge: Due to a national state of emergency in the fourth quarter of 2016, reliable production in Ethiopia was virtually impossible, and production losses were high. Together with Ayka boss Yusuf Aydeniz, in December 2017 we began to further develop the structures and processes at Ayka in such a way that stability can be restored. A first workshop on restructuring the production process has already taken place. The aim is to further improve not only delivery times but also product quality. The further development of high social standards and the integration of sustainable local cotton into the supply chain will also be part of future activities. We are working with the Ethiopian government and other stakeholders on implementation. The development of a sustainable cotton sector in Ethiopia is also part of a 15-Year Plan by the Ethiopian government.

Preventing risks, auditing producers

Usually the value chain of a consumer good comprises many stations worldwide. As a trading company, we cannot rule out breaches in this global chain, but we can identify them and systematically work to minimise them. To do this, we have developed a risk management system across the value chains, as stipulated by the United Nations' Guiding Principles for Business and Human Rights.

The basis for cooperation with our suppliers is the Tchibo Social and Environmental Code of Conduct (SCoC), which we updated in May 2017. We always audit new suppliers and producers according to the requirements of the SCoC before awarding a contract. Only if factories pass the audit do we accept them into our portfolio of producers. At a higher level, we also analyse the situation and risks in those countries where we want to produce our products or have them produced. We also prioritise factories with regard to their respect for human rights and culture of dialogue between managers and employees. The results of these analyses are incorporated into the purchasing strategy.

Suppliers that have not yet been able to participate in the WE programme are audited every three years in compliance with the stipulated deadlines; either we audit them ourselves, or commission external service providers to perform the audits. We also continue to further develop our monitoring system. In 2017, for example, we began successively auditing leather-tanning operations.

We see long-term partnerships with suppliers and producers as an opportunity to sustainably improve conditions in the supply chain. In 2017, we focused on further developing our existing key supplier program. We will give our partners greater planning certainty and focus on greater commitment in adhering to and improving social and environmental standards.

Establishing grievance mechanisms

Grievance mechanisms allow those affected by violations of labour and environmental standards to formulate and address their problem elsewhere than to their employer. If there is a lack of trust in the employer or national complaints bodies, or if there is a threat of serious consequences, they can turn to the production site's clients or to independent organisations. Afterwards, the latter can – ideally in cooperation with the complainant – seek joint solutions and provide access to remedies.

However, such a grievance mechanism alone cannot be the sole approach to problems in factories. On the one hand, it requires resources that those affected do not necessarily possess despite many measures: the knowledge that an independent grievance channel exists and access to it, as well as the language and capacity to formulate a complaint. This creates hurdles, especially for individuals affected by infringements, which they find difficult to overcome without the trust and support of others. On the other hand, such a mechanism does not contribute to long-term improvement, as it only intervenes retrospectively, in some cases long after the incident occurred. Causal structures in the workplace that favour violations of labour law are rarely changed in this way.

The key to change is local trust and dialogue. In this way, those affected and those responsible can jointly identify, solve, and prevent the problems. Employee representatives provide safety when lodging complaints with supervisors, and are also important partners for improving workplaces and processes in dialogue.

In addition to the SCoC, which forms part of every purchasing contract and which also obligates producers to set up grievance procedures for employees and their representatives, Tchibo relies on three different approaches to anonymous complaints mechanisms:

- 1. Sectoral grievance systems:** We also work with the IndustriALL Global Union to make particular efforts to promote freedom of association and the workers' right to form unions. Our strategic objective is for workers to be able to form local, independent and legitimate employee representations and exercise their right to join unions. The idea is to resolve complaints directly and locally and prevent violations.

The framework agreement with IndustriALL also describes a process by which Tchibo's national and local IndustriALL memberships inform us about labour law violations at production sites. In the first year of the framework agreement, we worked with trade unions from Bangladesh, Cambodia and Turkey to resolve incidents on the ground. We also work with other major brands to increase our leverage. As part of the 'Accord on Building and Fire Safety in Bangladesh' we have established a cross-factory grievances system with representatives of trade unions, NGOs and trading companies. In addition, health and safety committees are being set up to report security issues at an early stage.

- 2. Dialogue-oriented grievance channels:** In our dialogue-oriented qualification program WE, we create a trustful space and the opportunity for employees to address shortcomings and wishes, and to work together with the management on improvements.
- 3. Direct grievance channels:** Since the share of (unionized) production sites in Asia and hence among our suppliers is low, Tchibo has set up mechanisms whereby workers can also turn directly to Tchibo in cases of labour law violations. Since the WE Facilitators are regularly on site at the factories and have built up

the necessary trust among employees, they are often the first point of contact. If they cannot resolve the problems as part of their activities, they will involve Tchibo and we will seek appropriate action beyond the programme as well.

We also accept complaints directly: Grievances can be addressed directly to Tchibo through non-governmental organisations or by using the email address socialcompliance@tchibo.de.

Reducing environmental impact in production

Besides putting labour and social standards into practice, we are also committed to reducing the environmental impact of extracting raw materials and manufacturing our consumer goods. We audit the producers for compliance with our environmental standards and share knowledge related to climate and environmental protection with them. A key component of our work is the Detox Commitment to Greenpeace, signed in 2014, in which we pledged to cease the use of unwanted chemicals in production, especially at our textile suppliers, by 2020. In addition, we are engaged in industry-wide initiatives to reduce CO₂ emissions in production and to conserve biodiversity.

Detox Commitment: Minimising the use of chemicals

In 2011, the environmental organisation Greenpeace launched its Detox campaign to draw attention to the use of hazardous chemicals in textile production. By signing the Detox Commitment in October 2014, like many other international trading companies we publicly pledged our commitment to end the use of hazardous chemicals in production, especially by our textiles suppliers, by 2020. The task now is to achieve this ambitious goal step by step – a significant challenge, especially given the widely ramified supply chains.

The basis for eliminating such chemicals from our supply chains is the Manufacturing Restricted Substances List (MRSL). It lists hazardous production chemicals that have been prioritised, and a timeline for their elimination. As part of its membership in the Partnership for Sustainable Textiles Tchibo supports the MRSL of the Zero Discharge of Hazardous Chemicals (ZDHC) initiative as a common minimum standard and starting point for the industry. But Tchibo often goes far beyond them in its own requirements. For example, even before 2016, we completely banned all PFCs (per- and polyfluorinated compounds) for water-repellent coatings on outdoor clothing textiles. Tchibo uses PFC-free finishes like ecorepel® instead. There is also a complete ban on flame retardants in the manufacture of Tchibo products. These requirements formulated in the Tchibo MRSL are being continuously further developed. In addition, process-based restrictions were defined in 2017. Since signing the Detox Commitment, Tchibo has systematically created transparency about the detox-relevant upstream steps in its textile value chains. Since Jun 2017, we have identified the upstream 'wet plants' for about 90% of our orders. Wastewater analyses were conducted at these wet plants to obtain information on the presence of undesirable chemical groups and to derive priority needs for action from this. The results of these tests are published on the Institute for Public and Environmental Affairs (IPE) website.



Tchibo offers its suppliers assistance in the implementation of the sometimes complex and demanding requirements, and we further expanded this offer in 2017. To promote the availability of on-site consulting services, we developed a qualification programme for chemical- and wastewater-intensive production areas in a strategic alliance with REWE Group and the Gesellschaft für Internationale Zusammenarbeit (GIZ). The project will run for three years and has an investment volume of 2.4 million euros. In 2017, the training concept and materials were developed and trainers were trained in Bangladesh

and China. 20 producers with wet processes took part in the workshop held in the run-up to implementation. By 2020, 110 producers in Bangladesh and China are to be trained. Findings from individual factory visits and training sessions conducted by Tchibo 2017 were incorporated into the strategic alliance's development of the program.

The long-term goal is to establish a training and consulting network that is available to all companies in the region.

However, this goal and other more complex problems arising from commitment cannot be solved by individual actors or groups of actors alone. That is why we are committed to creating challenging and consistent framework conditions in the textile industry. We have teamed up with other players in the sector in the Partnership for Sustainable Textiles and other cross-sector initiatives and cooperations to develop solutions for making the ambitious Detox targets a reality. Also in 2017, Tchibo developed scenarios for a sustainable Chemicals sector as part of a research project at Darmstadt University of Applied Sciences.

“In October 2014, Tchibo became the first major retailer to commit to getting rid of toxins by 2020. In contrast to the other supermarket chains, Tchibo's commitment encompasses not only clothing and footwear, but its entire Non Food portfolio. The various publications connected with its Detox commitment show that Tchibo has established itself as a frontrunner.” (Greenpeace)

Carbon Performance Improvement Initiative (CPI2)

In 2011, we teamed up with eight other companies to found the Carbon Performance Improvement Initiative (CPI₂). It uses an online tool to give manufacturers specific recommendations on how to reduce energy consumption and hence greenhouse gas emissions in production. Modules for water and chemicals management have been integrated since 2015, for which 23 factories registered in 2017.



Biodiversity in Good Company

Since 2012, we have been a member of a cross-sector initiative called Biodiversity in Good Company. By signing its Leadership Declaration, we have committed, among other things, to protecting biodiversity in our environmental management system, defining concrete biodiversity targets, and gradually implementing them together with our suppliers. We will publish our next Progress Report in 2018.



► **Global challenges: Initiatives to develop system solutions**

Together for human rights and environmental protection

Helping social and environmental standards become mainstreamed at national and international level requires a concerted effort by government, businesses, employers' associations, trade unions, and non-governmental organisations. That is why we are involved in various initiatives – both at industry level and beyond.

For freedom of association and collective bargaining: Framework agreement with the IndustriALL Global Union

In September 2016, Tchibo became the first German trading company to sign a framework agreement with the IndustriALL Global Union. This step reinforces our commitment to improving working conditions, including trade freedom of association and collective bargaining in the production countries. This idea is to make it easier for our consumer goods suppliers' employees and local trade unions in the factories to bargain collectively on wages, social benefits and working hours in their companies and across the industry. In 2017, pilot projects were successfully initiated in Myanmar and Turkey.

Tchibo has been working with the IndustriALL Global Union and its affiliated trade union members for ten years. A global federation of trade unions in the manufacturing sectors, IndustriALL is an important partner in cases of complaints at the factories, in the development of strategies and programmes, and in the cooperation with other companies on building and fire safety in Bangladesh as well as living wages as part of ACT on Living Wages.



For more safety in the workplace: Accord on Fire and Building Safety in Bangladesh

In 2012, Tchibo became the world's second company to negotiate and sign the 'Accord on Fire and Building Safety in Bangladesh' in Bangladesh. Since May 2013, more than 200 other international clothing companies have joined the accord. As a member of the steering committee from November 2014 to September 2015, Tchibo promoted the implementation of these measures together with representatives of other companies and trade unions. The agreement focuses on fire, electrical and building safety inspections by independent experts. If deficiencies are discovered, the owners are obligated to resolve them with concrete measures within specified deadlines. By the end of 2014, inspections were completed at all factories that produce for Tchibo in Bangladesh. We support the owners and work with the factories to continuously improve building and fire safety, for example through the modernisation of fire protection systems. The employees are encouraged and trained not only to recognise safety risks, but also to report them.



In 2016, the agreement was renewed to beyond May 2018. This ensures that factory improvement measures will continue to be monitored by independent bodies and that workers' rights will be strengthened until the public authorities in Bangladesh have created the structures necessary to continue the work done by the Accord. The Accord's measures are having an impact: five years after the agreement was concluded, around half of the 1,600 factories are considered safe. 92 percent of the problems identified have since been remedied in the 27 factories with which Tchibo worked during this period. This puts us above the industry average of 82 percent. A factory in danger of collapse was identified and closed in accordance with the provisions of the Accord.

We now want to further develop the success of this cooperative approach with the same stakeholders in the newly established Transition Accord. In this context, the role of the trade unions in particular is to be further strengthened and training is to be expanded. The positive experience with the 'Accord on Fire and Building Safety in Bangladesh' has also motivated us to focus more strongly on 'sector approaches' in our quest for greater sustainability. This means that we will step up our efforts to join forces and find solutions in collaboration with other companies, NGOs, trade unions and governments: whether as part of ACT on Living Wage, the Organic Cotton Accelerator, or our mainstreaming approach in coffee to set further progress in motion.

For living wages: ACT (Action, Collaboration, Transformation) on living wages

Fair pay is an essential prerequisite for a decent life and has been enshrined in the United Nations Universal Declaration of Human Rights since 1948. Article 23 states: “Everyone who works shall have the right to adequate and satisfactory remuneration which ensures for him and his family an existence commensurate with human dignity and which, if necessary, shall be supplemented by other social protection measures.”



On the way to 100% sustainable business activity, our goal is to ensure that Tchibo products are produced under fair conditions and that human rights are respected in the process. Accordingly, this also includes employees in the supply chain receiving living wages – an aspiration that has not yet been met despite all efforts. Instead, our experience has shown that individual solutions can achieve wage increases at factory level that allow a short-term improvement for employees. However, a systemic approach – in concert with all relevant actors – is needed to ensure industry-wide and hence sustained living wages.

Since 2016, we have worked with other clothing and clothing retailers and the IndustriALL Global Union in the ACT (Action, Collaboration, Transformation) initiative. The initiative aims to bring all relevant stakeholders together to achieve living wages: global brands and retailers, trade unions, manufacturers and their employees, and governments. The opportunity for industry-wide wage negotiations between equal social partners is to be created on this basis, linking it to high production standards and responsible purchasing practices by all the companies involved.

Industry-wide wage negotiations mean that employees and their representatives in a given country can negotiate wages under the same conditions, regardless of the factory in which they work and regardless of the dealers and brands for which they produce. So the negotiated wage may vary according to the national context, i.e. it is not based on a generally defined benchmark, but on the respective needs of the employees.

The purchasing practices of companies also have a significant influence on the achievement of living wages. All ACT members are therefore encouraged to analyse their purchasing practices using a jointly developed tool, to analyse the link between wages and business practices. The result shows what changes are needed to enable producers to pay living wages. Not only is Tchibo working intensively on analysing and adjusting its own purchasing practices, we are also a member of the ‘Purchasing Practices’ working group to promote a broad-scale implementation of this mindset. Because we want to create the conditions for fair wage negotiations in the textile industry.

Activities in 2017

At the end of 2017, ACT held its first consultations with stakeholders in Cambodia, Turkey and Vietnam. Tchibo plans to further intensify these talks in 2018. Accordingly, the launch of activities in Myanmar and subsequently in Bangladesh from 2019 on is very relevant for us.

At the G20 Summit in May 2017, the ACT initiative was presented to the Employment and Social Affairs Ministers and included in the Ministerial Declaration. In this way, the partners ensured that the G20 countries will sit down together at the negotiating table for the project and ACT can receive funding for implementing the programme.

In December 2017, the ACT initiative entered into a strategic cooperation with the Partnership for Sustainable Textiles to advance the topic of living wages in the textile and clothing industry.

For social and ecological standards along the supply chain: Partnership for Sustainable Textiles (Bündnis für nachhaltige Textilien)

In October 2014, the Federal Ministry for Economic Cooperation and Development (BMZ) joined forces with representatives of the textile industry, trade unions, civil society and international sustainability initiatives and standard organisations to launch the Partnership for Sustainable Textiles.



The aim of this alliance of business, policymakers, non-governmental and standards organisations, trade unions, and science and academe, is to improve social and environmental standards across the textile value chains, with a focus on the production markets.

We see a number of opportunities in this new type of alliance: firstly, it allows for an industry-wide agreement on a minimum level of engagement in the supply chains, to avoid distortions of competition. On the other hand, a community consisting of all relevant groups of actors can deal much more comprehensively and effectively with complex systemic challenges such as living wages or discrimination than individual actors. Finally, a broad-based organisation facilitates the joint exchange of experience and thus a more efficient further development of the members' individual programmes.

With this in mind, we joined the Partnership in 2015, along with many other trading and manufacturing companies. We are active in all of the Partnership's working groups. In August 2017, as part of our work in the Partnership, we published our 'roadmap' for 2017 following an extensive external review. It contains 15 targets and associated measures to further improve the environmental and working conditions in our textile supply chains, and which represent part of our sustainability program. For instance, we focus on an efficient and transparent chemicals management in the factories that produce for us.

As part of our membership, we are currently supporting two initiatives: A multi-stakeholder process to systematically improve the working conditions of girls and young women in spinning and textile mills in the southern Indian state of Tamil Nadu, and an initiative to develop chemicals and environmental management. The latter initiative is based on qualification programmes for factories in China and Bangladesh which we developed as part of our strategic alliance with the German Society for International Cooperation (GIZ) and the REWE Group.

For labour and social standards in the textile and clothing sector in Myanmar

In 2016, we launched another collaboration with the German Society for International Cooperation (GIZ). As part of the GIZ's 'Working and Social Standards in the Textile and Clothing Sector in Asia' project, we are promoting observance human



rights and labour standards in Myanmar. We are carrying out a joint training programme at our four core suppliers in Myanmar, with the aim of strengthening and improving the social dialogue between management, employees, their representatives, and business associations. The training programme with GIZ was continued in 2017 and will be continued in 2018 as well. In addition to GIZ, the IWF (Industrial Workers Federation of Myanmar), a member of the IndustriALL Global Union, is our local partner, because the trainings in Myanmar are part of our activities under the framework agreement with IndustriALL..

For clean production: Establishing local Detox advisory structures

Many suppliers and their own suppliers rely on consulting services to fulfil the ambitious Detox Commitments goals. The complexity of the contents and the planning for their implementation is often overwhelming and these offers as well as local networks are often lacking in



these places. The cooperation between Tchibo and the REWE Group and the German Society for International Cooperation (GIZ), supported by the Partnership for Sustainable Textiles as a coalition initiative, is currently developing a programme to train Detox consultants and instructors. The three-year project aims to create local advisory structures in China and Bangladesh and locally help producers build up a DETOX-compatible chemicals management. In 2017, the training concept and materials were developed and 37 trainers were trained in Bangladesh and China. 20 producers with wet processes took part in the kick-off workshop. By 2020, 110 producers in Bangladesh and China are to be trained. Findings from individual factory visits and training sessions conducted by Tchibo in 2017 have been incorporated into the development of the strategic alliance's programme. The long-term goal is to establish a training and consulting network that is available to all companies in the region.

For the organic cotton sector: Organic Cotton Accelerator

Cotton is a key commodity used in our consumer goods, which is why Tchibo is committed, at various levels, to sustainability in the cultivation and processing of cotton. As a member of the 'Organic Cotton Accelerator' (OCA) multi-stakeholder initiative, we have since 2016 been working for an expanding organic cotton sector that benefits everyone – from farmer to consumer.



OCA members work in joint development projects to accelerate the structural transformation from conventional to more organic cotton (cultivation and use) as quickly as possible, i.e. both to increase the demand for organic cotton and organic cotton products, and to support farmers in the cultivation of organic cotton. This includes fair purchasing practices, improving farmers' access to high-quality organic cottonseed, and the integrity of processes across all stages of the supply chain.



Customers & Products

► Strategy & management

Inspiring customers, strengthening trust, and sustainably expanding our ranges

Management approach: GRI 301; GRI 418

The Tchibo brand lives by the trust and enthusiasm of our customers. We can only continue to be successful if we strengthen this trust and keep kindling this enthusiasm. This is why we maintain a resolute focus on our customers, highest product quality, and uncompromising consumer protection. On the path to becoming a 100% sustainable business, we are continuously expanding our range of sustainable products and individual services, and are intensifying communication on sustainability, thereby promoting responsible consumption.

Tchibo represents a unique business model: we combine the highest expertise in roasted coffee, coffee enjoyment in our branded coffee bars with an innovative weekly changing range of consumer goods with services including travel and mobile communications. We have operations in nine countries, including more than 1,000 Tchibo shops, approximately 22,300 supermarket Depots (concessions), and a number of national online shops.

As a family-owned company, we laid the foundations for a pronounced customer focus more than 65 years ago. It is a core value of our corporate culture to this day, and firmly anchored in the Tchibo DNA. We strive to ensure that our customers are not just satisfied, but inspired. “A new world every week” – we want our customers to see this claim confirmed on a daily basis: with attractive products and a unique shopping and service experience that encompasses all sales channels – from Tchibo shops to concessions (Depots in supermarkets) to online shops. We will continue to live up to this claim and keep surprising our customers with new products and services. At the same time, we are making our product lines more and more sustainable and intensifying our sustainability communications, because our path to becoming a 100% sustainable business can only be successfully pursued together with our customers. We build their awareness and enthusiasm for our sustainable products and their advantages – and thus provide impulses for sustainable consumption.

The trust of our customers is a cornerstone of our success. Because this trust requires commitment and reliability, interacting with our customers is very important to us: we listen to them, are open to criticism, review requests and suggestions, and adjust our actions accordingly.

Setting priorities: further development of the priorities

We are continuously developing our sustainability management. Based on a materiality analysis, in 2012 we determined the following focus topics: 'Customer focus and service', 'Product quality and safety', and 'Consumer and data privacy'. In 2017, we conducted a variety of stakeholder dialogues, the results of which are incorporated into the further development of our main focus areas. In this way, we are focusing our efforts even more on promoting responsible consumption by making our product ranges and services increasingly sustainable and intensifying sustainability communications.

Challenges: retail in the age of digitalisation



The market we operate in is evolving steadily. First and foremost, digitalisation is changing customers' buying behaviour and expectations. It leads to more complex forms of customer relationship, and at the same time opening up new possibilities for further developing our services in a customer-focused manner. Against this backdrop, we are addressing four key challenges in the market and are developing viable solutions to effectively address them.

Ensure customer loyalty: In general, customer loyalty decreases in as prices and offerings become 100% transparent through online retail. To continue to inspire our customers and win over new ones in this market environment, Tchibo offers the best quality and strives to keep offering innovative products and first-class services.

Customer enthusiasm: Digitalisation opens up new possibilities for us to further develop our services. Speed, both in delivery and in communication, is a decisive factor here. However, the basis on which we build our offerings always remains the same: a personal, trustful relationship with our customers.

Dialogue: Social media channels open up an opportunity for customers to communicate their opinions to us directly and quickly. This form of direct dialogue is exceedingly valuable to us. We can better align ourselves to the needs of our customers and at the same time openly discuss critical feedback. With this form of honest and transparent communication, we also fulfil the expectations of customers in terms of transparency, openness and depth of information, particularly in the area of sustainability communication.

Responsible consumption: In the course of expanding our sustainable product lines, we also fulfil many customers' desire for responsibly manufactured products – as indicated by studies and customer surveys. We focus on coffee, cotton and viscose textiles, furniture and handcraft utensils made of wood and cellulose, as well as shoes, bags and accessories made of leather. The fact that we are making steady progress in this is attested to by the German Sustainability Award Foundation naming us as Germany's Most Sustainable Large Company in November 2016. In order to keep living up to this claim, Tchibo continues its intensive involvement in the coffee and consumer goods supply chains.



Inspiring customers with resolute customer focus

Customers are at the centre of our considerations and actions. We put this principle into action every day. It has been anchored in our Tchibo DNA since the company was founded. We offer our customers excellent service management, communicate openly and honestly, and always consider aspects of sustainability and innovation as we continuously develop our offers and services. We also keep a close eye on the customer's needs and wishes and fulfil them with a growing range of individual services and with comprehensive communications. For instance, we responded promptly to customers' changing buying behaviour during digital transformation, by expanding our multi-channel system into a cross-channel system. It connects our sales channels – Tchibo shops, Depots and the internet – in such a way that customers can combine them as needed for order, pick-up and exchange. An important element of our comprehensive customer focus is an open, transparent dialogue with our customers that does not ignore or eschew critical topics. For us, customer focus also means raising our customers' awareness of our environmentally and socially compatible product ranges, and get them excited about sustainable consumption.

At our „Tchibo Green Carpet“ event in 2017, we presented our first fashion collection featuring ECO-LOGIC cotton, and entered into an exchange with various stakeholders such as customers, journalists, bloggers, Tchibo employees, and our partners from India.

Transparent, open exchange with customers

Our communication with customers is characterised by transparency and open dialogue: whether on the product itself, in our shops and concessions (Depots), on our websites, in the Tchibo magazine, or on social media channels. It goes without saying that we adhere to the principles of competition law in our advertising and marketing communications, and avoid misleading information. We base our product-related environmental communications on the nine principles of the ISO 14020 standard, which also provides the framework for the communication, labelling and declaration of environmental aspects.

We put our claim of open dialogue into practice by seeking an exchange with our customers and other consumers using various communication tools. We interact directly with customers and consumers on various social networks, such as Facebook, Twitter, Instagram, YouTube or our Tchibo Corporate Blog, where we receive valuable feedback on offers and activities. To professionally manage our Tchibo bloggers and influencer relations, in 2015 we created the new position of 'Blogger & Influencer Relations'. The Tchibo Community on our www.tchibo.de website is a section for discovery, participation, experimenting and exchanging ideas. These forms of dialogue and service increase customer satisfaction and enthusiasm. In 2017, we came second out of 324 companies in a customer survey conducted by the market researchers at ServiceValue, with a score of 2.05 (grades range from 1-6, with 1 being the highest possible score, equivalent to an A).

Highest product quality and uncompromising consumer protection

We seek to offer our customers top product quality at fair prices at all times, so we always have our items produced according to consistent, stringent standards. We see legal requirements as minimum requirements, which we go far above and beyond in many aspects. For example, in coffee we voluntarily comply with the International Food Standards (IFS 6). We test the quality of our products ourselves, as well as with the assistance of independent and accredited external institutes. We stipulate clear requirements for safety, functionality, workmanship and materials. Our Social and Environmental Code of Conduct (SCoC) additionally specifies social and environmental standards for the production of our consumer goods – because the Tchibo quality promise applies not only to product features, but also to our ethical standards.

Our comprehensive data protection management guarantees a careful and strictly confidential handling of all the information entrusted to us by our customers and employees. Here too, we go beyond the legal requirements.

Promoting responsible consumption

On the path to becoming a 100% sustainable business, we systematically work to offer our customers ever more products that have been manufactured in an ecologically and socially compatible way. This corresponds our customers' wishes, as surveys show: according to our Tchibo Experts customer survey 2014, sustainable production is important for 65% of respondents. A 2017 ServicePlan survey confirms that about 70% of Germans already consider sustainability in their purchase decision. Prerequisites for promoting responsible consumption include not only a ready supply of sustainable products, but also easily-understood sustainability communication. It provides customers with a sound basis for decision-making and contributes significantly to increasing customer uptake/ acceptance of the products – e.g., through the Tchibo 'GUT GEMACHT' logo. Our customers' choice to buy sustainable products is one factor that determines how quickly we can achieve our goal of becoming a 100% sustainable business.



► Delighting customers

Top priority: customer expectations, wishes and concerns

As a core value of our corporate culture, customer focus is firmly anchored in the Tchibo DNA. With this in mind, we work daily to ensure that our customers are not just satisfied but inspired: through attractive products and excellent service management across all sales channels.

We can only succeed in doing this if we know, fulfil and even exceed customer expectations. Online shopping in particular has changed customer behaviour in recent years and has increased their expectations. This is why Tchibo connects the on- and offline worlds in a cross-channel system that lets customers shop even more conveniently, and keeps developing its services. We see customer focus as a holistic process, with many interlocking cogs – from product management, purchasing and logistics, to customer consultation, comprehensive customer service, and warranty and repair services. Our top priority is to constantly delight our customers.

To this end, we regularly make improvements to our processes, e.g. the repair process or our customer information systems. In 2017, for example, we laid the technical basis for identifying customer concerns in a differentiated way and immediately forwarding them to a customer advisor with the appropriate technical expertise. This lets the customer experience our comprehensive service expertise right from the first contact and also saves time. We offer special training for employees who are in direct contact with customers – for Tchibo employees as well as those of our call-centre service partners. In 2017, we increasingly focused these on skills – which, besides the systemic recognition of concerns, is an important prerequisite for specialized customer communication. Employees from across the company are given an opportunity to 'see things through the customers eyes' by spending some time shadowing our customer service agents.



Our customer service staff always works to make our customers' everyday life easier and more enjoyable. We give top priority to customers' concerns, questions and wishes are our top priority, and therefore do everything in our power to impress them with our products and services. To this end, we have formulated a service and quality promise as a central benchmark for all employees. It concentrates on the "8 service dimensions for Tchibo customer enthusiasm": professional competence, appreciation, surprise, speed, equanimity, reliability, individualisation, and friendliness. The individualisation service dimension can also be optimally fulfilled digitally, for example. With the Tchibo Community we have the opportunity to personally address customers and offer them with customised products or services.

With the intention of developing Customer Service into an all-round brand ambassador within the Tchibo customer journey, we are planning measures in 2018 to extend the effectiveness of customer service beyond consultation, issue resolution, and process optimisation.

Quality assurance in customer service

Alongside our Tchibo shops and the Depots in supermarkets, customer service is another important department with direct customer contact. Due to its great variety of contacts with customers, it plays a special role in customer relationship management – and thus in Tchibo's business success. In order to assess, safeguard and thus improve the quality of its core service, i.e. handling customer's concerns and requests, we evaluate phone calls and written correspondence for coaching and training purposes – in agreement with our customers and in compliance with data protection requirements. This evaluation focuses on qualitative aspects such as the professional competence and communicative performance of our customer advisors.

We process customer requests in a quick, accommodating and reliable way. But do our customers feel the same way? We regularly survey them about this. Feedback, even and especially criticism, complaints or suggestions for improvement help us to meet our customers' expectations and keep inspiring them. At the same time, they provide us with important input for developing innovations and revising our services.

With the aim of establishing a Tchibo service dialogue that is in line with our brand, we have expanded our basic requirements for customer communication (simple, structured, concise and attentive) to include our brand attributes. The Tchibo brand speaks in a warm, authentic and clear voice. Following these principles, we have developed a Tchibo communications manual, tonality as well as texts and templates for standard communications, and have trained our employees and business partners accordingly. At the beginning of 2017, in addition to the regular surveys, we conducted a comprehensive basic study for the first time to determine the needs of customers and their expectations of an 'ideal' customer service. Based on the results, we further optimized our customer service and thus customer satisfaction. In Switzerland, for example, our contact channels were expanded to include online chat. Due to the positive response, we will also begin testing such a chat in Germany in spring 2018. Our goal is to establish online chats as an additional contact channel alongside telephone, email and post, from 2019. This opens up another way for customers to enter into a quick and easy dialogue with Tchibo.

Customer needs are not the same everywhere. They vary from country to country – and therefore increasingly require a country-specific approach in customer service. We will increasingly concentrate on this 'localization' in 2018, analysing the respective needs and expectations of customers in all our markets and – depending on their economic feasibility and how much they mean to customers – incorporating them into our services and service dialogue.

Keep developing the ranges and services

Building on our understanding of service, we are constantly developing our offers, and respond to changes in purchasing behaviour at an early stage. Since 2014, we have made online shopping even more attractive for our customers with new applications and services, e.g. the option of paying with PayPal, having packages delivered to DHL parcel stations, or using the online "Store Availability Check," which shows customers what stores have a given product in stock.

► Dialogue & interactive platforms

Involving customers: honest communications, open dialogue

Our dialogue with customers is characterised by transparency and an open dialogue: whether on the product, in our Tchibo shops and Depots (supermarket concessions), on our websites, in the Tchibo magazine or via social media channels. In line with our policy of open dialogue, we do not issue one-way communication, but seek an exchange, especially with critical stakeholders such as consumers and multipliers, including bloggers and journalists. Social media channels offer a suitable platform for this. For instance, critical comments from consumers are often picked up on and discussed in the Corporate Blog. The Tchibo Community at tchibo.de is a new, interactive area where customers can share their thoughts about our products and thematic ranges, find inspiration, and take part in weekly participatory campaigns.

Transparent customer communications across all channels

Customer relations have become more complex, because the various social media channels open up new opportunities for consumers to give feedback and publicly voice their opinions, including in the form of criticism. Tchibo sees this as an opportunity to enter into an open, appreciative dialogue with customers and other consumers. For this, we use various social networks and our own channels.

Social Media



Facebook, Twitter, Instagram, YouTube and our own Tchibo Corporate Blog– Tchibo has steadily intensified its social media activities since 2011. In line with the principle of 360-degree communication, customers and multipliers can contact us on all channels. Thanks to this direct dialogue, we benefit from feedback on campaigns and products, can build new customer relationships, consolidate existing ones, and communicate directly and personally.

In spring 2017, for example, we launched an innovative social media marketing campaign to publicise our FOR BLACK ,N WHITE filter coffee among younger customers as a specific target group and individually: through seven tailor-made films for seven different target groups on Facebook. Since the coffee is also certified as sustainable according to the UTZ standard, we were able to publicise our sustainability management and promote responsible consumption at the same time.

Corporate Blog



The Tchibo Corporate Blog is #14 in the dpa subsidiaries News Aktuell and Faktenkontor's ranking of the Top 30 most successful corporate blogs. It not only has an excellent reach of more than 65,000 readers a month, but is also valued as a high-quality medium. All the articles and topics are written by our own staff and guest authors, who share first-hand information with their readers. They come from various departments, such as Coffee, Non Food, Product Development, Sustainability, Human Resources, and Corporate Communications. An important principle of this tool is that the Tchibo blog provides direct insights into the company, the offices, the staff restaurant, and the company's project work. Tchibo employees report on their experiences, e.g. with various projects, from a personal perspective, so that readers are 'right there' at Tchibo. The corporate blog lives by interaction, and explicitly invites readers to exchange thoughts and opinions.

Blogger and influencer relations

The influence that bloggers and other influencers have on their communities is growing steadily. They are regarded as independent and authentic opinion leaders, purveyors of information, and trendsetters. Tchibo, too, needs to win over this community of communicators, which inspires consumers and hence our customers as well. To this end, in 2015 we hired a staff member who is exclusively responsible for 'blogger and influencer relations'. The term 'relations' is particularly important to us, as a fair, transparent and valued relationship with bloggers and influencers is crucial to the success of the cooperation. Tchibo sees bloggers and influencers as experts and external partners. We are open to their criticism and seek a long-term dialogue.



We founded the Tchibo Blogger Advisory Board with the aim of further reinforcing bloggers' and influencers' trust in Tchibo and sustaining it long-term. Comprising experts and insiders from the blogosphere, it supports the work of Blogger and Influencer Relations managers and delivers honest criticism and creative input. Blogger and Influencer Relations decisions and measures are usually discussed with the Advisory Board. The open dialogue has already proved its worth. Communication conforms to the Tchibo Blogger and Influencer Relations Guidelines. We send out a monthly newsletter to relevant bloggers and influencers, letting them know about news, collaborations and important events in the Tchibo world. We further expanded our bloggers and influencer relations in 2017 with intensive relationship management, special projects, and various blogger events.

Tchibo Community

Willkommen in der Tchibo Community

Als Inhaber der TchiboCard hast Du exklusiv Zugang in unserer Community – hier tauschen sich Freunde, Experten und Gleichgesinnte rund um ihre Lieblingshemmen aus.

Auf dich warten neben wertvollen Tipps & Tricks von Insidern auch interessante Typentests und beste Unterhaltung. Natürlich wollen wir auch von dir hören: Teile als offizieller Produktmeister deine Meinung mit uns oder stimme zusammen mit der Community für deine Favoriten aus unserer Kollektion ab.

In our 'Tchibo Community' at tchibo.de, we provide an area for discovery, participation and trying things out. Users can become product testers, watch tutorials, or find out which coffee or holiday type they are. These interactive options are offered on a platform that is directly integrated into the online shop. Any customer with an existing online shop account can register directly and participate for free. One important element are the weekly participatory activities in which customers participate, interact with each other, and find inspiration. We have already been able to incorporate our sustainability management here as well, e.g. with a tutorial that shows children how to easily turn an old shirt into a cool new one.

► Quality & safety

Safety and quality: high standards, strict controls

We strive to offer our customers top product quality at fair prices at all times. Customers should be able to count on the safety and durability of our innovative consumer goods just as they can rely on the unsurpassed aroma and flavour of our coffee products. To ensure this, our production always follows stringent, consistent standards.

We test the quality of our products ourselves, as well as with the assistance of independent accredited external institutes. We stipulate clear requirements for the safety, functionality, workmanship and materials of our products. The Tchibo Social and Environmental Code of Conduct (SCoC) additionally specifies social and environmental standards for their production – because the Tchibo quality promise applies not only to product features, but also to the conditions they are produced under.

Selected suppliers produce for Tchibo according to stringent quality specifications: as part of our quality assurance, all products are tested for compliance with these specifications before we offer them for sale. We conduct our own extensive checks and inspections, and also work with a number of independent and accredited third-party testing institutes. The tests are based on legal requirements and international standards as well as our own Tchibo specifications, which are often stricter than those of the legislators. The TCM (Tchibo Certified Merchandise) quality seal distinguishes consumer goods produced exclusively for Tchibo and guarantees that they were subjected to the most stringent tests.

If despite our high standards, if occasionally something does not work or a product does not correspond to our customers' expectations, we help assert guarantees and claims, and treat them with goodwill and fairness.

Coffee: comprehensive quality claim

We apply comprehensive quality standards to the supply chain of our coffee – from how the coffee plants are grown to the packaging of the roasted beans

Cultivation: We use the best beans from high-quality Arabica coffee plants for our coffee. For our Espresso products, we also use Robusta coffee to achieve the 'typical' Espresso flavour. We apply the highest quality standards. This includes promoting environmentally and socially responsible farming methods in the countries of origin. That is why we are continually increasing the share of the green coffee we process, that has been certified or validated by internationally recognised standards organisations. In sourcing it, we rely on good and long-standing supplier relationships to exporters and traders, as well as direct contact with coffee farmers and cooperatives. Our coffee experts regularly visit the producing countries to check on the cultivation methods and quality of the green coffee.

Transport: As green coffee beans age rapidly, and can absorb external odours and flavours, we ensure rapid and careful transport immediately after harvest.

Roasting: The beans initially undergo quality testing. Small amounts are roasted and brewed so that coffee tasters can identify the fullness, acidity and aroma of the coffee, and finalise the composition of the final product. At the roasting plant, green coffee is turned into roasted coffee – a crucial process that brings out the various flavours of the coffee beans. Our roasters comply with the strict hygiene standards and the complete documentation of the entire roasting process according to the latest International Food Standards (IFS 6).

Packaging: The aroma of coffee is extremely sensitive to oxygen, moisture, light and heat. High-quality packaging is required to protect it. Tchibo coffee is packed in plastic film in an oxygen-free environment. We guarantee the harmlessness of the materials used for this, and ensure that the packaging will not affect the flavour. Unfortunately, aluminium is still required for lining and metallising the plastic films. However, we are working on an eco-friendlier solution, and are currently reviewing options.

Our standards for Tchibo coffee quality are summarised in the binding Tchibo Coffee Quality Standards. Our central Coffee Quality Management team monitors compliance with these standards, regularly checks the quality of our coffee, and takes appropriate action if deviations occur.

Consumer goods: quality from product development to sale

At Tchibo, quality is part of the design. A team of product managers, designers, buyers, quality developers, and quality testers who are all experts in their field – e.g. electrical appliances or clothing – are responsible for the product idea and its planning and implementation. Together, they work on the goal of ensuring customer satisfaction with the quality, design and price.

The Tchibo quality management process covers the four steps of product development, quality development, quality assurance, and ensuring that customer information requirements are met.

Product development: Experts from product management, procurement and quality management initially determine the item's materials and design requirements. Important criteria for this include longevity, practicality, and maximum product safety. Only suppliers that agree to comply with the Tchibo SCoC are commissioned to manufacture products (also see Value Chain Consumer Goods).

Quality development: Regular reviews of the manufacturing process through product samples and on-site visits to factories are indispensable for quality development.

Packaging: To ensure that the items are transported appropriately and without damage, we also set high quality requirements for transport and packaging. Before shipping our products, we run a variety of tests to make sure that they are well protected on their way to the Tchibo shops, Depots, or directly to the customer.

In the case of plastic packaging, we never use environmentally harmful materials such as PVC. Our packaging is made of recyclable materials and of course meets the requirements of consumer protection, e.g. regarding the safety aspects of toys.

Quality assurance: All consumer goods are subjected to a final incoming goods inspection according to the Acceptable Quality Level (AQL) procedure. This ensures that all quality requirements have been implemented and a flawless product is sold to the customer. The final check takes place in an Inspection Centre in the respective production country before shipment, or on delivery to the main warehouse in Bremen – or, depending on the product, in both countries.

Ensuring customer information requirements: In accordance with our holistic concept of quality, our high standards do not end with delivery, as quality also plays a decisive role in sales and consulting. Detailed product information and operating instructions are included with the product and are also available at our online shop. As a matter of course, we comply with the appropriate standards for the structure and clarity of the operating instructions.

Integration of customer feedback: When our customers purchase a product, another important phase of our quality assurance process begins. Predefined information paths ensure that all relevant insights regarding potential improvements are incorporated into the development of successor products. This involves assessing customer returns and soliciting feedback from our Tchibo shop employees. For example, we conduct monthly surveys of the Tchibo shop managers to see how the weekly ranges are received by customers, and whether there are any suggestions for improvement.

Leading the way in quality management for consumer goods

With REACH (Registration, Authorisation and Evaluation of Chemicals), the EU has adopted one of the most comprehensive directives for the registration, authorisation and limitation of hazardous chemicals to date. The serious implementation of REACH requires a general rethink and great commitment for all protagonists in the supply chain. We got an early start on driving forward the implementation of the regulation, and are working to find new, REACH-compliant solutions for ourselves, for our suppliers and, of course, for our customers. We always contractually exclude the chemicals restricted under REACH in our consumer goods. To ensure compliance, we regularly independent laboratories test for these chemicals, which include, e.g., the „Substances of Very High Concern“ (SVHC) listed in REACH. Consumers can use the ToxFox app from BUND e.V. to ask questions about SVHCs in products. We are well prepared: Our quality management reviews incoming inquiries and can be relied on to send an answer within 45 days.

► Promoting responsible consumption

Getting people excited about responsible consumption: expanded product ranges, intensified communications

— GRI 301-2

On the path to becoming a 100% sustainable business, we resolutely work on offering our customers more and more eco-friendly and socially compatible products. By continuously expanding our sustainably produced range of products, we want to encourage them to embrace responsible consumption. For our customers to choose our sustainable products, we must explain sustainability in a credible, understandable, and appealing way, because our customers' purchasing decisions influence the breadth and depth of our sustainability measures, as well as the pace at which we achieve our goal of becoming a 100% sustainable business. To keep our customers even better informed about our activities in the area of sustainability, we are further expanding our communications: via traditional channels as well as on social media platforms and at the point of sale.

Inspiring people with sustainable product ranges

Our focus in expanding our sustainable ranges is on product groups that our customers care about. These include coffee as well as, e.g., clothing for babies and children in textiles, day- and nightwear or women's fashions. In the hard goods sector, we are working on increasing the sustainability of furniture and handicraft utensils made of wood and cellulose. In 2017, we made further progress in this expansion.

Sustainable coffee assortments: validated and certified

Tchibo stands for highest quality in coffee – and we want to keep offering this to our customers in future. That is why we focus not only on flavour and taste, but also pursue the medium-term goal of only offering coffees whose cultivation meets ecological, social and economic standards in equal measure.

Since 2009, we have prepared the coffee and coffee specialities at our Coffee Bars exclusively from certified, sustainable coffee grades. Since 2010, we have switched our entire Privat coffee range, including the Rarities, to 100% certified sustainable grades according to the standards of the internationally recognised seal organisations Rainforest Alliance, Fairtrade, and UTZ, as well as Bio ('certified organic').

The entire range of coffees in our Cafissimo capsule system has been certified by the international Rainforest Alliance or UTZ since 2012. In 2016, we also started offering capsule coffee with the Fairtrade seal. The coffee grades of our Qbo capsule system are also 100% certified according to the Rainforest Alliance standard. The filter coffee FOR BLACK ,N WHITE, introduced in 2015, has carried the UTZ seal since 2016.

In 2017, we expanded our range to include BLONDE ROAST coffee. The coffee grades used for this come from coffee farms that are certified according to the Rainforest Alliance standard. This also goes for the Espresso and Caffè Crema from Eduscho's GALA range. The Gala Grande range won a bronze award in the 'Coffee, Tea, Cocoa' category in the 'Product of the Year 2017' consumer voting carried out by the trade journal *Lebensmittel Praxis*.

To ensure all consumers can recognise our sustainable coffee grades at a glance, we give the respective seals prominent placement on the front or rear of the packaging.



Consumer goods: Focus on environmental and social compatibility

With the expansion of our sustainable product lines, we are fulfilling many consumers' wish for responsibly produced products. Tchibo is continuously working to expand its range of sustainable textiles. In 2017, the proportion of responsibly produced cotton was around 80%. We are the world's third-largest user of certified organic cotton. To ensure social and ecological standards in the cultivation and processing of responsibly produced cotton, we work together with recognised international certification organisations. They include Organic Cotton, Cotton made in Africa, the Global Organic Textile Standard (GOTS), and the Organic Content Standard (OCS).



In 2017, for example, we offered GOTS-certified baby, toddler and children's fashions as well as day and night-wear made with organic cotton that meets the requirements of Cotton made in Africa, the Organic Content Standard, or the GOTS Standard. Some of our bedding ranges are also GOTS certified or contain organic cotton. Since 2016, we have been pursuing a new path with the Tchibo Eco Logic Appachi collection. It not only contains cotton from environmentally friendly cultivation, but also helps promote the training and further education of Indian cotton farmers.

In the hardware sector, we again produced 100% of our garden tables and chairs and handicraft utensils from FSC®-certified materials in 2017. Our customer shipping cartons are also made of 100% FSC®-certified material.



Das Zeichen für verantwortungsvolle Waldwirtschaft

Reusable solutions to prevent waste

In 2017, we took another important step in resource conservation and the prevention of waste by offering reusable cups in our Tchibo coffee bars. Since August 2015, our customers have been able to have reusable cups filled – always in compliance with safe hygiene standards, of course. In return, they receive a discount of 10 cents on the drink. In addition, we offer reusable cups made of recyclable material in various designs for purchase. In September 2017, we also installed a temporary installation made of disposable coffee cups ('Mach die Welt ein bisschen Becher') in downtown Hamburg and at the same time gave away reusable Tchibo cups – the idea was to build awareness for waste avoidance.

We seek to further increase the use of reusable cups by participating in an initiative to promote reusable cups, the 'Kehrwieder Becher', in Hamburg city centre, and in other similar initiatives in Munich, Berlin and the federal state of Hesse.

In addition, since January 2016, we have no longer given away disposable plastic bags free of charge in Germany. With success: At the Tchibo Shops in Germany, distribution of free bags fell by nearly 90% in 2016. As an alternative, customers can purchase high-quality reusable bags. We also sell disposable bags for 20 cents.

Resource conservation through recycling: Closed Loop.



In designing a sustainable product range, the responsible use of resources is an integral part of our activities, because the global use of raw materials and high volume of waste contribute to global environmental challenges, such as climate change and loss of biodiversity. Our comprehensive 'closed-loop' concept pursues the objective of conserving valuable resources while also increasing the sustainability of consumption. For us this means that even at the product design stage, we conceive our products in such a way that they are produced with recycled or renewable resources if possible, can be used for a long time, and at the end of their use can be recycled into useful goods or materials. We confirmed this aspiration by signing the Detox Commitment in 2014. We analysed our product groups in detail for their closed-loop potential and derived closed-loop approaches from this. We follow the following three approaches for our product groups: use

recycled and renewable materials, ensure longevity, reuse, and recycle. We have already carried out pilot projects with closed-loop approaches in various product categories, and have prepared to expand these efforts.

Use of recycled materials

In 2017, we first used recycled materials in hard goods production. We started with a range of dish-washing brushes made almost entirely from recycled, relatively eco-friendly polypropylene (PP). In 2018, we expanded the use of recycled plastic to similar assortments and scheduled them for various sales weeks. By using recycled PP, we close the loop to our recyclable Cafissimo and Qbo coffee capsules, which are also made of PP. We have further developed the capsules so that they are 100% recyclable and their materials can be further processed. Besides using recycled materials in hard goods, Tchibo has also made preparations to use recycled fibres in various textile products.



Extend the useful life of products

Besides using recycled materials, ensuring a long service life for the products leads to greater conservation of resources. To make sure that our products can be in use for as long as possible, we formulate high quality standards and grant warranty periods that go beyond statutory requirements. At the same time, we offer support for care and repair of our products, and provide spare parts, to raise our customers' awareness for how to increase the products' useful life.

Recycling of textiles

To ensure the best possible recyclability of the products at the end of their useful life, we are working to design our products in such a way that most of their components are recyclable. This includes taking account of the insights gained regarding collection and recycling systems, and to enable a consumer-friendly return system for our products. With this in mind, we support the recycling of our textiles, and in 2017 entered into a cooperation with FairWertung that offers our customers a consumer-friendly way to return their old clothes.



In FairWertung, we have found a reliable partner who ensures that donated clothes are handled responsibly and transparently demonstrates the downstream use of the donated clothing.

Borrow instead of buy: Tchibo Share

'Tchibo Share' is another element in our resource conservation efforts. In January 2018, we became the first company in the mainstream market to offer baby and children's clothing for rent via the tchiboshare.de platform. All of the available garments are made of sustainably grown organic cotton. When the items are returned, we treat them and then offer them for rent as second-hand goods.



Our concept responds to the social trend towards sharing products instead of buying them. Particularly for baby and children's clothing, we see this as a logical way to promote and facilitate sustainable action on the part of consumers. For our new offer, we cooperate with the Magdeburg company kilenda, which already has several years of experience in the renting-out of children's clothing.

'Tchibo Share' is another resolute step on our path of a comprehensive approach to ensuring the longest possible product life and subsequent recycling: after rental, the baby and children's clothing made from organic cotton continues to be used as second-hand items and, is thus has a long useful life. Items that can no longer be rented or sold are donated to FairWertung and recycled in accordance with social and ecological standards.

Consumer-oriented communications: GUT GEMACHT – WELL DONE

By offering more and more sustainable products, we also build consumer awareness for responsible consumption. Easily understood communications are helpful here, because our customers' purchasing decisions measures affect the pace at which we can implement sustainability programmes on our path to becoming a 100% sustainable business. To support them in selecting products systematically, we must clearly label sustainable product ranges, prepare information in a consumer-oriented way, and make it easily available. The 'GUT GEMACHT' logo serves as a communications bracket for all the sustainability standards we apply.

On the one hand, we use our 'GUT GEMACHT' communications at the points of sale and on the packaging, and on the other hand, on a wide range of communication channels such as the Tchibo magazine, our own website, the corporate blog, and social media platforms. On tchibo.de we have set up a separate section for sustainability that presents all the key information about our activities in a concise, consumer-friendly way. We also use our own YouTube channel to explain various aspects of sustainability, especially the meaning of the seals used for coffee, wood and cotton. To ensure that our employees are always informed about sustainability at Tchibo, we train them extensively and always keep them up to date.

We want our customers to be able to spot sustainable products at a glance – which is why in 2015 we introduced the Tchibo sustainability ribbon as a label for sustainability and the standard used, on the product itself and in product communications. The ribbon offers a high recognition value and can be flexibly used for all sustainability standards. For products containing organic cotton, for example, a ribbon with the words 'organic cotton' is prominently placed next to the Organic Content Standards (OCS) seal.

We are also bundling our after-sales sustainability communications under the heading 'GUT GEMACHT – WEITER GEDACHT'. Our customers will find plenty of information and ideas on tchibo.de, in the Tchibo Community and in our Corporate Blog about topics ranging from maintenance & repair to upcycling & refashioning, to useful return and recycling options.

However, responsible consumption doesn't end with the purchase of a sustainable Tchibo product; rather, it covers the entire lifecycle of the product. In addition to offering special services, we are therefore increasingly integrating the topics of long useful life, maintenance, repair, reusing and recycling into our communications, providing useful tips, information and assistance for customers. To this end, we have further developed our 'GUT GEMACHT' communications and expanded it to include sustainable consumption after the Tchibo product has been bought. Under the heading 'GUT GEMACHT—WEITER GEDACHT', we have built up an online platform to help customers treat our products in a way that maximises durability, and encourage them to recycle the products responsibly at the end of their useful life. On this online platform, customers can find care and repair instructions, ideas for upcycling and refashioning products, as well as information on the proper return and recycling of used products. For example, customers can do a search for the nearest used clothing containers managed by FairWertung e. V. members. Instructions and tips can also be found in the communication of individual product categories and on other communication channels such as blog posts and newsletter articles.



Commitment to the Alliance for Consumer Education

To promote early awareness of sustainable consumption among children and teens in Germany, at the beginning of 2013, Tchibo joined the 'Alliance for Consumer Education' founded by the Federation of German Consumer Organisations. In this Alliance, representatives from the public and private sectors, educational authorities, science and academe, NGOs, business associations, ministries, and individuals work to strengthen the decision-making and consumer skills of young people without advertising individual brands. The Alliance is currently supporting exemplary consumer education projects run by schools in particular. These 'consumer schools' receive support from local consumer protection centres, and can apply for an award from the Alliance for Consumer Education. In 2018, 32 schools across Germany will receive an award.



Environmental protection at the sites and during transport

► Strategy & management

For the preservation of an intact environment: Increase climate protection, reduce resource consumption

Management approach: GRI 301; GRI 302; GRI 305; GRI 306; GRI 307

As a trading company that requires natural resources to manufacture its products, we contribute to the consumption of resources. We also cause CO₂ emissions when we produce, transport, store, and deliver our goods, as well as at our administrative offices and Tchibo Shops. At the same time, our company is directly affected by the repercussions of climate change and impending resource scarcity. Raw materials such as coffee, cotton, wood, and other natural resources are important foundations of our product lines and therefore of our business.

Climate protection and resource conservation significantly help in enabling us to offer our customers high-quality products now and in future. That is why we are continually working to minimise our CO₂ emissions and use of natural resources and on 'closing the loop' in the lifecycles of the materials we use. Based on our extensive insights and many years of experience, we focus on activities that are related to our product ranges, and on action areas that we can directly influence – our sites, mobility and resource efficiency.

Legal and social requirements are on the rise

Increasing regulation, legislation and voluntary initiatives are aimed at boosting climate and resource protection – at national level as well as throughout the EU and around the world. International agreements, such as the Paris Climate Change Agreement of 2015 and newly introduced principles of responsible management, form the basis for strategies, goals and laws at the European (EU) or national level. One particularly relevant approach for our business is 'Extended Product Responsibility' as specified in the German Waste Management and Product Recycling Act: it stipulates that manufacturers continue to be responsible even when products are scrapped at the end of their useful life. This responsibility refers primarily to take-back and recycling, but also includes requirements for developing more durable products, and for using secondary raw materials during production.

In addition, a new Packaging Act is in preparation, and will come into force in 2019 with the aim of saving resources and further increasing recycling quotas. In view of the new law, Tchibo is currently working with other trading companies, as part of our membership in the German Trade Association (HDE), to develop a minimum standard by means of which the dual systems would “reward” recyclable packaging, as this creates a greater incentive for companies to make their packaging more environmentally friendly. Tchibo will further optimise its packaging based on this minimum standard.

The EU Plastic Bags Directive to cut the use of plastic bags is likewise aimed at protecting the climate and resources. Based on this directive, German retailers, including Tchibo, have made a voluntary commitment to the Federal Ministry for the Environment to introduce a mandatory charge for disposable plastic carrier bags. Campaigns and initiatives mounted by civil society also serve to boost public awareness of environmental issues. Apart from plastic bags, textiles, coffee capsules, and disposable takeaway coffee cups are among the products or packaging where the proportionality of resource consumption is being questioned. For instance, more and more coffee bars, including Tchibo's, are offering the option of refills for their customers' reusable cups.

Meeting challenges systematically

We are proactively working on solutions to these and other legal and societal requirements, in order to make a significant contribution to more climate and resource protection. Particular challenges lie in establishing mechanisms and structures for increased environmental and climate protection across all the relevant phases of a product's lifecycle: from design, production, and selection of raw materials, to the manufacturing processes, the packaging, and the recycling of waste into the material loop.

In order to find the best solutions, especially for industry-wide and global issues such as countering climate change, we participate in the social discourse of business, politics and civil society on a sustainable further development of the economy, primarily through organisations such as the German Trade Association (HDE).

Effective protection of our climate and resources

We systematically reduce CO₂ emissions to counter climate change. To do this, we design our processes to be as energy-efficient and low-emission as possible. We start with the causes and focus our efforts on action areas where we have the most influence and can make the biggest difference: the transport and shipping of our products, and at our logistics sites. Our Logistics Roadmap 2020 is the guideline for our actions. Based on the results achieved by 2015, we have set further ambitious climate-protection targets in this Roadmap. To identify and realise additional savings potential, we included even more sites and processes in the calculation of our 2016 carbon footprint.

Packaging accounts for a large share of our resource requirements. In our quest to continually reduce our consumption of raw materials, we are resolutely implementing our packaging policy, which we updated in 2015. We further tightened our already ambitious environmental requirements, and formulated clear guidelines to avoid, reduce, reuse, improve and offset packaging – in that order of priority. When introducing new packaging or optimising existing packaging, we always base our decision-making on this system in order to find the eco-friendliest possible solution – for product packaging, as well as packaging for transport and shipping. We are also continuously increasing the use of recycled and FSC®-certified paper. As part of our 'Closed Loop Strategy', we work on designing the material cycles of our products and packaging – from the very beginning – in such a way that the valuable materials they contain can be upcycled or at least recycled at the end of their use.

Increasing our potential influence through cooperation

As an individual company, we do of course come up against the limits of our influence. Systemic and structural challenges can only be effectively countered by teaming up with other protagonists. For this reason, we are involved in associations and organisations committed to multi-company solutions for protecting the environment, such as the Clean Cargo Working Group. With a view to the planned packaging legislation, we are actively involved in an expert group to develop a minimum standard for incentive systems for more ecological packaging design.

In November 2017, together with 51 other German companies and associations, we signed an appeal to the future German government. It was coordinated by the 2° Foundation (Deutsche Unternehmer für Klimaschutz), Germanwatch e. V. and B.A.U.M. e. V. With this appeal, we jointly called on the German government to promote the energy transition and a climate-friendly mobility strategy, to confirm the climate protection plan, and to further develop emissions trading in the new legislative period.

A binding basis: environmental protection is anchored in all processes

We are continually developing and expanding our activities based on a strong foundation: protecting the environment and the climate is an integral part of our business strategy and firmly anchored in the Tchibo DNA. “We take responsibility for the ecological and social impact of our actions” - this principle guides our work across all business processes. The Tchibo Code of Conduct additionally defines binding rules of eco-conscious conduct for all our staff. To manage the environmental impact of our administrative and warehouse sites, we use an environmental management system based on the ISO 14001 standard, and log our significant consumption volumes. Measuring our consumption serves as a basis for reducing our use of energy, water, gas and paper, as well as for minimising waste and CO₂ emissions from our fleet of vehicles and business travel. The energy management at our production sites (roasting plants) in Germany is ISO 50001 certified. We also apply other, voluntary guidelines above and beyond this: ISO 14040 ff. for the lifecycle assessment of relevant products and supply chains, ISO 14020 ff. for environment-related communications, and ISO 16258 for accounting for transport-related emissions, as well as our own Packaging Directive, which contains information on general procedures, instruments, and guiding principles.

Environmental officers handle the integration of environmental aspects into business operations in the various divisions and departments. Environmental targets are agreed with them annually. The Corporate Responsibility department coordinates cross-departmental and cross-divisional activities. It ensures that the environmental measures initiated in the departments and units are coordinated with the strategic objectives as well as with each other – by monitoring and analysing societal trends, current events, and legislative initiatives. The idea is to address new developments as early as possible and to help shape these developments.

Guides for sustainable logistics: Roadmap 2020

In making sure that our logistics processes are sustainable, we are guided by our Roadmap 2020. Adopted in 2015, it builds on the goals already achieved and resolutely continues the path to a 100% sustainable business. In the Roadmap, we have set clear targets for climate protection, which we are continuously working to achieve: the further reduction of our CO₂ emissions in transport, during distribution and at the warehouses.

A framework for resource efficiency: the Packaging Directive

Our Packaging Directive, which has been in force since 2015, follows the maxim “avoid, reduce, reuse, improve, and offset”. In other words: we avoid or reduce the use of disposable cups, disposable shopping bags, and paper waste. We reduce the use of paper and cardboard, and cover the remaining requirements from certified responsible forestry and recycled materials. We develop solutions to ensure that our packaging can be recycled or reused.

Leveraging synergies: voluntary commitments

By participating in voluntary commitments, we create a clear framework for eco-friendly action in the company while also expanding our commitment. We have joined the voluntary commitments of business associations in Germany and Austria to no longer give free plastic bags to customers at our Tchibo shop, in order to reduce the number of disposable bags given out. As a member of the Biodiversity in Good Company initiative, we work with other companies in the industry to find solutions for preserving global biodiversity. As part of this, we have committed to analysing the impact of our business on biodiversity, and to include the protection of biodiversity as well as sustainable use of raw materials in our environmental management.

Keeping an eye on the progress made: ongoing monitoring

Depending on the measure, we develop suitable KPIs which are regularly checked and evaluated as part of our monitoring – e.g. for electricity consumption at our roasting plants. In addition, selected environmental indicators are audited on a yearly basis. Based on the results of the latest evaluations, we further develop our Roadmap 2020 for logistics, and survey consumption and emissions at additional sites with a view to reducing them. We also use improved computational logic in calculating the carbon footprint, so as to achieve even more accurate results.

► Climate protection

Climate protection: reducing CO₂ emissions

We are committed to curbing climate change, and constantly check and optimise our processes. Tchibo's ambitious climate-protection Roadmap 2020 for logistics, along with our other programmes and targets, form the common thread on our path to 100% sustainable business conduct – at all our sites as well as in the mobility of our employees. We focus on reducing emissions and packaging, improving the sustainability of energy consumption, and eco-friendly mobility solutions.

► Sites

Reducing energy and emissions

From the roasting of our coffee to the lighting at our distribution centres, from the packaging of Tchibo products to their delivery to the customer – energy is indispensable in our business. But in our efforts to curb climate change, we do identify and reduce all unnecessary energy consumption – systematically and at all sites.

Identifying and implementing reduction potential

We have been recording, accounting for, and analysing all our transport-related carbon emissions since 2006 as part of our LOTOS (Logistics towards Sustainability) climate-protection programme, which we developed in cooperation with the Technical University of Hamburg and the German Federal Environment Ministry (BMU). The aims of the program are to continuously improve carbon accounting methodology, and to identify further potential for reduction. In 2013, we won the German Logistics Association (BVL) Sustainability Award for Logistics for our efforts, and its Austrian counterpart. We were able to further improve our own calculation method in the process: in 2013 and 2014, we first calculated our impact in



accordance with the new CEN (Comité Européen de Normalisation) DIN EN 16258 standard, and had the results audited by external experts. As a member of the Clean Cargo Working Group, we also and additionally obtain more and more accurate data – and hence important – for the various seagoing vessel routes that we use. Based on these, we can compare the environmental performance of the different shipping companies.

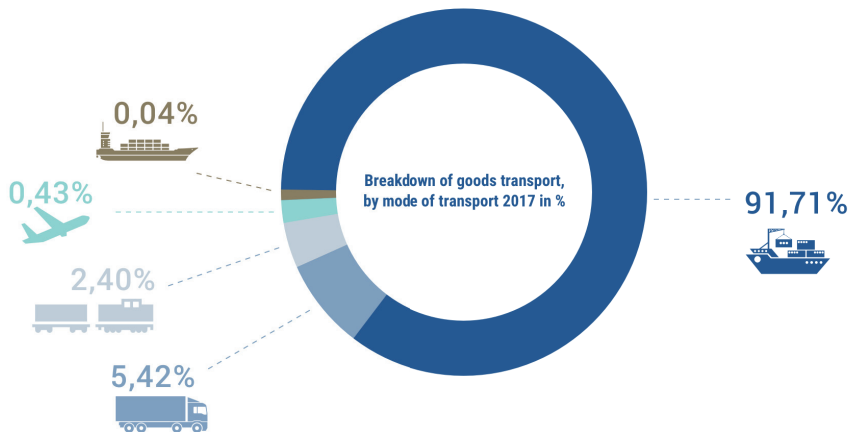
Following the successful implementation of the LOTOS 2006 program to counter climate change, our Roadmap 2020 adopted at the end of 2015 builds on the goals already achieved, but also raises the bar. Given its clearly defined goal of a more eco-friendly setup of the entire logistics process by 2020, the Roadmap provides for a 40% reduction of transport-related CO₂ emissions relative to 2006. The LOTOS target of a 30% reduction in CO₂ emissions in absolute terms was already achieved in 2012. The absolute volume of transport-related CO₂ emissions was already down by more than 50% in 2015 compared with 2006, partly due to changes in our sourcing structure.

In 2017, our transport-related CO₂ emissions were only reduced by around 21% compared with the base year 2006. At 15.68 CO₂e per tonne-kilometre, the 2017 carbon footprint shows a year-on-year increase. This rise is mainly due to the fact that the use of high-emissions air freight transport had to be temporarily expanded due to a process change in Non Food's procurement logistics.

By 2020, we plan to reduce emissions at the Gallin and Neumarkt warehousing sites by 15%, and cardboard and paper consumption in B2B and B2C deliveries by 30% per selling unit, all relative to 2014.

Using low-emission modes of transport

In modes of transportation, we rely on CO₂-efficient shipping: more than 90% of our goods are transported by sea or waterway. From Bremerhaven, we use barges instead of trucks for the further transport of Non Food consumer goods incoming from overseas. We also use rail transport whenever and wherever possible. Optimised loading and utilisation of containers and trucks, and intelligent route management, are other measures we use to reduce CO₂ emissions.



Our desired use of low-emission means of transport wherever possible is being counteracted by temporarily necessary process adjustments in Non Food and the associated delays in purchasing. To avoid creating unnecessary pressure by shortening the production lead time for factories, there were more air freight transports in 2016 and 2017. However, we are currently working on reducing the share of air freight by optimizing the changed purchasing processes.

By outsourcing the supply of goods to our Tchibo shops to a service provider, we reduce kilometres and CO₂ emissions. We also avoid unnecessary interim storage and transport, and rely on direct delivery routes between roasting plants and distribution centres. In distribution, we systematically manage the volumes of goods towards the points of sale, e.g. through an innovative assembly-line system, thus ensuring greater efficiency with fewer emissions.

To generate additional options for climate protection in transport, we are testing new transport modes and routes, such as rail transport from China to Bremen, or long-truck transport between the Bremen and Gallin distribution centres. It has not yet been possible to establish a suitable rail link on this route. We have also developed a tool to take environmental aspects into account in tenders for transport services. This is currently also being tested.

Roasting plants: Increasing energy efficiency



Because roasting coffee consumes a great deal of energy, it is a focus of our energy and CO₂ management. We wish to increase the energy efficiency at our roasting plants, so as to reduce CO₂ emissions.

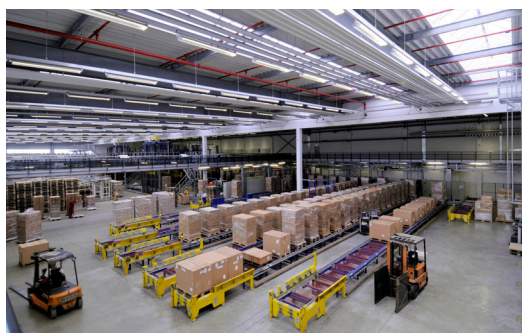
As early as 2013, we introduced DIN ISO 50001 energy management at our two roasting plants in Hamburg and Berlin, which has reduced specific energy consumption by at least 1.5% per year ever since. In 2016, the energy management system was successfully recertified in accordance with ISO 50001, and the roasting plants achieved year-on-year energy savings of 1.7% in relation to the volume of roasted coffee produced. In 2017, Tchibo's coffee-roasting plants in Berlin and Hamburg failed to achieve their energy savings target and recorded a 0.4% increase in energy consumption per tonne of roasted coffee. The reasons for this are the requirements of the environmental authorities, which led to increases in the catalyst temperatures for several coffee roasters, and the commissioning of a new roaster, which consumed more energy during the break-in phase.

After analysing and evaluating the 2014 results in order to further optimise the processes, we converted the burners at the Berlin coffee-roasting plant in 2015, which saved heating gas in 2016. We also installed a new drum roaster at the Hamburg plant in late 2016, which – unlike conventional roasters – requires the use of only one burner instead of two.

We switched off the energy management system that went into operation at the Berlin plant in 2016 in 2017 because the system did not meet our requirements. The development of completely new software is planned for 2018.

To gradually increase energy efficiency by around 5-10% in absolute terms by 2020, Tchibo launched a major project in 2017: 50% of the coffee roasters operated at the Hamburg plant will be replaced by much more energy-efficient machines. Overall, we have set ourselves the goal of reducing specific CO₂ emissions per tonne of roasted coffee by another 1.5% by 2020.

Administrative offices, warehouses and Tchibo shops: electricity from renewable energy



Renewable energy and energy efficiency are a priority for us, and we strive for eco- and climate-conscious conduct in every respect. For example, for years our sites in Germany have been supplied with ok-power-certified electricity from 100% renewable energy sources. This includes our two roasting plants in Hamburg and Berlin, the distribution centres in Gallin and Neumarkt, the company's headquarters in Hamburg, and all Tchibo shops in Germany for which we buy the electricity ourselves. Since January 2016, we have sourced this electricity from the 'green electricity' provider Entega.

In 2017, we launched an energy-saving process at our distribution centre in Gallin, which we will continue. For example, we implemented an energy management system and insulated heating pipes in the outgoing goods area. The lighting was switched to LEDs in many areas. At the Neumarkt site, too, we began to switch to LED lighting at the end of 2017.



Because these energy efficiency measures were accompanied by an increase in storage capacity, the energy requirements and CO₂ emissions in the distribution centre remained at the previous year's level. The fact that the relative indicators nevertheless point to a reduction of CO₂ in relation to the building volume is due to the fact that we have now incorporated our warehouses in Isernhagen and Minden, and Senec in the Czech Republic into our energy management system, and that these locations don't have a lot of automated conveyor technology. As part of our strategic development, we will redefine our targets and indicators in this area.

► Employee Mobility

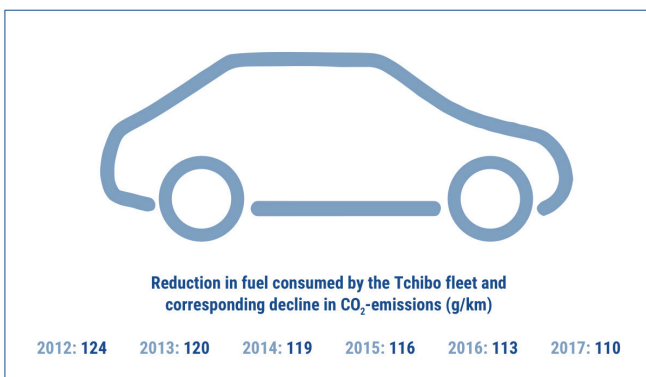
Mobility: giving climate protection the right of way



Since 2013, we have put into action a long-term, company-wide fleet management strategy that continuously minimises CO₂ emissions. Clearly defined CO₂ emission limits apply for any vehicles to be newly purchased, for Germany as well as all our international business units. Thus, we give priority to the most energy- and resource-conserving models of vehicles with internal combustion engines, and increasingly to hybrid and electric vehicles. We also offer our executives incentives

to use the eco-friendliest models in our fleet. Thanks to these measures, we able to reduce the average CO₂ emissions of our company fleet year after year, from 120 g CO₂/km in 2013 to 110 g CO₂/km in 2017.

In 2015, we further evolved our fleet management strategy. Employees at our headquarters now have access to electric cars in the fleet, and the warehouses and roasting plants also use electric vehicles. At our main administrative offices in Hamburg, another three 'green electricity' charging stations for electric and hybrid vehicles were installed. We adjusted the incentive system for employees to encourage use of alternative drive systems. For instance, models are graded according to their calculated emissions. Electricity-related emissions are 100% included in the total emissions of hybrid vehicles, and vehicles with values below 100 g CO₂/km receive the highest subsidy. For employees with three or more children, we also offer bigger, family-friendly vehicles, for which slightly higher CO₂limits apply.



As in the transport sector, we also give preference to eco-friendly alternatives in employee mobility – e.g. by covering half the cost of a discounted commuter card (the 'ProfiTicket') for Hamburger Hochbahn. We also pay for the full cost of a BahnCard 50 (which reduces the price of tickets rail travel across Germany by 50 percent) for employees who frequently travel on business within Germany. In 2016, we increased the attractiveness of travelling by train with another auction for free first-class travel, and encouraged people to cycle to work more by

installing a mobile bike workshop on our administrative grounds. If they really need to use a car, employees have the opportunity to switch to car-sharing offers: in 2017, we again hosted specials with the car2go and DriveNow providers, where Tchibo employees could register as members free of charge.

In the past few years, our systematic, sustainability-oriented fleet strategy has repeatedly won the German Environmental Aid (DUH) 'Green Card for credible environmental awareness'.



► Resource Efficiency

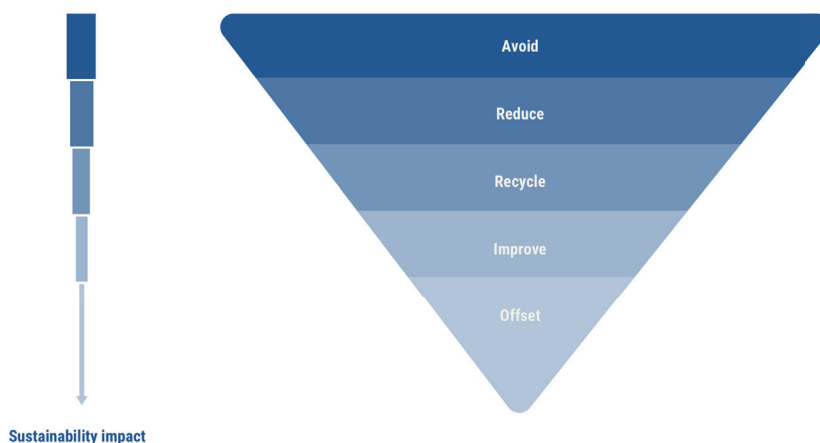
Resource efficiency: responsible packaging

A responsible treatment of natural resources is an objective that shapes our actions and encourages us to ensure that not only our products, but also their packaging, transport and any assistive devices, as well as cardboard packaging meet sustainability criteria. To this end, we conducted a comprehensive analysis of our packaging in 2015, and identified any need for optimisation. We used seven analysis criteria for evaluating the packaging we use – function, materiality, volume, risk potential, customer relevance, feasibility, and cost implications. We investigated these, and used funnel analysis to determine the possibilities for optimising the different types of packaging, and which ones were best according to our requirements. All these results were then considered in drawing up our 2015 Packaging Directive. We tightened the guidelines especially for our Non Food packaging – with the clear objective of optimally combining environmental and functional requirements without compromising quality.

So the idea is to harmonise functional aspects, such as protecting the product and providing information to consumers, with environmental objectives. This includes waste-avoiding, resource-saving, environment-friendly design, fair and environmentally sound manufacturing, and recyclability of materials. Accordingly, we now develop new packaging and adapt existing ones based on six guidelines:

1. Use as little packaging material as possible, and as much as necessary
2. Reusable before disposable
3. Recycled materials before virgin fibre
4. Certified before non-certified materials
5. Mono-materials before composites
6. Create value-add through innovative design of the packaging
 - a) Reusability
 - b) use in a different context (innovative use and design of packaging)

Our guiding principles for resource conservation



► Avoid

Avoidance: less is more

As little packaging material as possible; as much as necessary. This guiding principle has defined the design and type of all packaging at Tchibo since 2015. With this in mind, we work to minimise the use of paper, as well as disposable packaging such as takeaway coffee cups and shopping bags.

Paper: digital instead of print

As part of our Logistics Roadmap 2020, we are progressively shifting to digital documents in our delivery documentation, for both B2B and B2C customers. For deliveries to our business partners and Tchibo shops, we have done without paper delivery documents since 2015, and even our private distance-selling customers only receive a printed invoice if they expressly request one. If the shipping address differs from the billing address, customers also receive the invoice by email instead of by post. We also primarily provide user manuals online, as long as they contain exclusively non-legal information.

Reusable cups: nice to see you again!



“Reusable before disposable” is the guideline in our Tchibo coffee bars. We mainly serve coffee specialities and hot beverages in reusable porcelain tableware, and only provide coffee in disposable takeaway cups if customers specifically ask for them. We want to further reduce the share of disposable cups and, since August 2015, have given customers the option of getting refills in their own reusable cups, always taking safe hygiene standards into account, of course.

In 2016, we took further steps to reduce the plastic and paper waste generated by disposable cups. We proactively address our customers by selling attractively priced reusable cups in a variety of designs and made from various materials; this also allows people who have forgotten their own cup to enjoy their coffee in an environmentally friendly way. The dishwasher-proof

cups made of recyclable materials can be cleaned at home and brought back for buying refills. We reward this contribution to conserving resources with a 10-cent discount on the beverage. Of course, the discount also applies when refilling cups from other vendors.

To further raise customer awareness of the problem of disposable cups, in September 2017 we installed a temporary installation made of disposable coffee cups in downtown Hamburg, and gave away Tchibo reusable cups. We also shot a YouTube clip on the topic, which has already been viewed more than three million times.

To establish a systematic use of reusable cups, we are participating in the Kehrwieder-Becher initiative to promote reusable cups in Hamburg city centre, and in similar initiatives in Munich, Berlin, and the German federal state of Hesse.

Disposable shopping bags: better to avoid than sell

In 2015, business associations in Germany and Austria signed voluntary agreements to no longer offer plastic bags free of charge. We joined this initiative, and stopped giving out free disposable plastic bags in Germany as of January 2016. The move was a success: As a result, the number of free plastic bags given out at Tchibo shops in Germany fell by nearly 90% in 2016 and remained stable in 2017. Customers have the alternative of buying a range of high-quality reusable bags, which we further expanded in 2017. If required, we sell disposable bags for 20 cents.

► Reduce

Reducing to the essentials

How to optimise a product's packaging while minimising the resources used? We always ask this question when we review our existing packages or develop new ones – because our aspiration is to continually reduce packaging materials. The idea is to identify and eliminate unnecessary elements or materials.

Cardboard packaging: reducing materials

With this in mind, we are also working on reducing our use of cardboard in logistics. Our Climate Protection Roadmap stipulates a 30% reduction in paper and cardboard consumption for B2B and B2C deliveries, per sales unit, by 2020. Accordingly, we are cutting down on printed delivery documents and shifting to digital wherever possible. This is already being done in B2B delivery to Tchibo shops and in B2C delivery, unless customers specifically ask for printed documents.

In 2015, a student thesis on the optimal filling of Tchibo online order boxes resulted in a materials saving potential of up to 15%. Since then, we have continually adapted the cardboard packaging to the results of the study, and have developed new box sizes on this basis.

One important innovation in this area is optimising the fill level for box sizes in the B2C sector, which we are currently investigating. This would make it possible to automatically adapt boxes to the product to be packaged so that superfluous materials can be avoided. Optimising box sizes for delivery saves both resources and CO₂ emissions.

In logistics, we are also planning to reduce the number of paper copies from four to three for the Eastern European Tchibo shops, and for administrative documents in Germany, Austria, Switzerland and the Czech Republic.

In our Non Food products, we were able to save packaging material through open packaging that only partially encloses the products.

► Recycle

Recycling – reuse rather than disposal

For us, acting as an environmentally responsible and resource-conserving company means reusing materials whenever possible – either for the same purpose or for a whole new area of use. Our guiding principle is: "Add value to the packaging through innovative design."

Beyond this, in 2017 we began producing all Non Food cardboard and carton packaging from FSC®-certified material. To be able to do this, we are intensifying our cooperation with strategic packaging suppliers who have FSC® certification and procure appropriate materials for the packaging they manufacture. We will gradually extend this approach to all relevant sourcing countries.

Coffee capsule recycling: from capsules to dishwashing brush



Coffee packaging must fulfil the requirements of food legislation and, of course, do an excellent job preserving the flavour. This means that they are subject to high requirements, and there is less leeway for developing new, eco-friendlier packaging than with many other foods. Coffee capsule systems in particular are repeatedly criticised for the high volume of waste in relation to their content, but at the same time they are an important offer for our customers.

Which is why in 2016 and 2017, we teamed up with the Öko-Institut e.V. for a comprehensive accounting and analysis to determine the environmental footprint of the Cafissimo coffee capsule system. We expect preliminary results in 2018.

We have already managed to gradually improve the capsules used for our Cafissimo coffee capsule system in such a way that all capsules are now recyclable. We did this by reducing the aluminium content in the packaging and switching to recyclable foil and interior paints in accordance with the dual systems.

So our customers can now dispose of the used capsules in Germany via the Yellow Bags provided to households for recycling. In 2017, we introduced a take-back system for our Cafissimo coffee capsules at our Austrian shops. In early 2017, we also added recycled plastic household products such as dishwashing brushes to our range. They are made of the very material that is obtained by recycling our Cafissimo capsules. The recycling and re-using of materials ('mass balance') is clearly visible and traceable for the customer on the packaging. By showing the connection with the capsules' recyclability, we seek to increase our customers' awareness of closed-loop approaches.

Textiles recycling: the FairWertung network

Under the heading 'GUT GEMACHT – WEITER GEDACHT', we advocate sustainable consumption and give our customers tips on care, repair or upcycling of our products. We point to recycling possibilities where shoe or clothes disposal is unavoidable. For the sustainable delivery and reuse of textiles, we have therefore cooperated with the umbrella association FairWertung e.V., a federation of non-profit organizations for the collection of clothing based on ecological and social criteria, since 2017. We recommend that our customers collect and deliver old clothing only to organizations that collect according to FairWertung standards: The sorted items of clothing are given to second-hand clothes stores at fair prices. Surpluses are sold to textile sorting companies, where they are sorted for international second-hand markets. Textiles that are no longer fit for this purpose are recycled into cleaning rags or raw materials. FairWertung organisations are nonprofit and support social projects with their sales proceeds.



In 2017, we further expanded our cooperation with FairWertung e. V. and implemented various joint measures to raise consumer awareness of the reuse and recycling of discarded garments. These measures include the release of a film on what to do with used textiles.

► Improve

Improvement – for greater environmental compatibility

We are striving to resolutely reduce paper and cardboard while simultaneously increasing the share of recycled, environmentally compatible grades – in line with our guiding principle of “Certified before non-certified materials”

On the rise: recycled materials and FSC®-certified materials

We are continuously saving paper and cardboard and increasing the proportion of recycled and FSC®-certified paper it contains. Since 2013, we have exclusively used FSC®-certified cardboard boxes – both for the delivery of products ordered online and for logistics packaging. The packaging in our supply chain is either recycled or FSC®-certified, and the packages in which orders are shipped to end customers consist of 100% FSC®-certified cardboard. We are using more and more FSC®-certified materials in the packaging of our consumer goods. All plastic elements used in packaging are marked as such and should be disposed of through household recycling. Overall, in 2017 we were able to make sure that 40 percent of our sales packaging was sustainable.



Das Zeichen für verantwortungsvolle Waldwirtschaft

We are also reducing the use of paper in our office and customer communications, and focusing on environmental compatibility. For instance, we use paper that is Blue Angel (recycled paper) or FSC®-certified or has been awarded the EU Ecolabel. Since February 2018, our employees have printed exclusively on recycled paper at our administrative sites in Germany. Since 2012 we have printed our magazines and catalogues in Germany, Austria and Switzerland exclusively on FSC®-certified paper. The international business units in the Czech Republic and Slovakia followed in 2013, and Turkey, Poland and Hungary in 2014.

► Carbon Offsetting

Offsetting – climate protection to your doorstep

One key objective of our Logistics and Packaging Guideline is to reduce CO₂ emissions. However, since emissions cannot be completely avoided when delivering products to our customers, we make an effort to compensate for them.

Offsetting CO₂ emissions: climate protection projects

In our quest to fulfil customer wishes promptly and in an eco-friendly way, we have – since 2012 – sent all our letters and parcels to customers exclusively using Deutsche Post DHL's 'GoGreen' programme. By doing so, we support the funding of globally accredited, 'Gold Standard'-certified climate protection projects in developing and emerging countries, and offset the carbon dioxide emissions generated by shipping.





Employees at Tchibo

► Strategy & management

Securing the company's success with dedicated staff

Management approach GRI 401; GRI 402; GRI 403; GRI 404; GRI 405; GRI 406

Since the family-owned business was founded in 1949, people have been at the heart of Tchibo. Tchibo founder Max Herz firmly believed that motivated, well-qualified employees are a company's most important asset. This conviction still forms the foundation of a corporate culture whose hallmarks are openness and dialogue. We have codified values such as trust, reliability, and open, honest interaction in the Tchibo DNA. The introduction of the ONE Tchibo CEO agenda in 2017 shifted this claim even more into the spotlight.

To put this claim into action, we need the expertise, passion, commitment, and team spirit of our employees. Each individual contributes to our company's success – together we form an effective Tchibo team. That is why our key concern is to recruit the best, retain them long-term, and keep rekindling their passion and performance. As a responsible employer, we offer our employees a varied working environment and attractive development opportunities, and help them achieve a good work-life balance. We promote personal dialogue – across hierarchical levels – and create a wide range of ways for our employees to get involved/help shape the business by practicing active listening and giving them our respect and trust.

In 2017, Thomas Linemayr, Chairman of the Board of Management, launched Agenda ONE Tchibo. The aim of this agenda is to do our work in a more agile, simpler way, and to focus even more strongly on our customers. This presupposes that we see ourselves as a team across divisions and act as such. As a team, we want to inspire and inspire our customers. To this end, it is important that we always keep an eye on their concerns in all areas of the company and regularly determine what moves them and where we can become even better.



Recruiting and retaining dedicated employees

We live in a dynamic, rapidly changing society, and as a globally interconnected trading company must constantly develop, anticipate changes, and respond quickly. The demands on our employees are accordingly high. We challenge them and encourage them to keep rethinking things, try out new approaches, take the initiative, and shoulder responsibility. Because if our people are passionate about their work, we can ensure our success and deliver on our aspiration of inspiring our customers anew each day.

In view of demographic change and the shortage of skilled workers, one of Tchibo's key concerns is to attract new and skilled employees to Tchibo. At the same time, we want to keep strengthening the skills of our experienced employees and retain them at our company. Our in-house education and training measures are an important success factor.

► Corporate culture & values

Corporate culture: Appreciation and open, honest interaction



We foster a corporate culture in which we promote dialogue and create opportunities for participation. An open and honest treatment of each other is just as important to us as inter-personal relationships that are characterised by clear rules of conduct and guided by high values. This company culture is an essential precondition for maintaining and further developing Tchibo as a strong brand. It is firmly anchored as a binding success factor in the Tchibo DNA, published in 2011.

The DNA is complemented by the Tchibo Code of Conduct, revised in 2017, which defines our company's key values and specifies guidelines

for the workaday routine. We promote diversity and provide equal opportunities for all employees – because each employee contributes to the company's success with their individuality.

We do not tolerate discrimination based on age, sex, background, sexual orientation, religious belief, physical constitution or other personal characteristics. We regularly give all employees training regarding the Tchibo Code of Conduct. These measures are of course carried out in accordance with the German General Equal Treatment Act (AGG).

ONE Tchibo – putting the customer first, together

Thomas Linemayr, Chairman of the Board of Management, has formulated a clear direction with the CEO agenda ONE Tchibo, which was launched in 2017: We want to make sure our work as a team is even more customer-oriented, more agile, and simpler. Pulling together, acting across divisions, actively listening with respect and trust and, last not least, making bold decisions – all these are hallmarks of the Tchibo mentality. Our actions always focus on the customer: We want to inspire our customers as ONE team.



This is why, with ONE Tchibo, we place the customer even more at the centre of all our activities. To this end, it is important that we always keep an eye on our customers' needs and regularly find out what they care about and where we can become even better. In 2017, for example, we developed an internal podcast for this purpose. The Podcast features original recordings of topical and interesting customer views and sums up facts and figures from the market for our employees.

We are also promoting exchange across all areas and hierarchy levels in a new series on our intranet, under the heading 'ONE Tchibo erLEBEN'. Here, colleagues regularly present examples of their own that inspire the entire workforce because they show how we implement ONE Tchibo's ideas in our work areas. Thomas Linemayr's 'CEO Letter' was introduced at the beginning of 2017 to better keep our employees informed about breaking news, the company's performance, and all other relevant topics. The letter is published monthly on the Tchibo intranet, so that every employee, regardless of where he or she works, is well informed.

To put Tchibo ONE into practice, we also adapted the premises at the company headquarters in Hamburg, setting up a 'speed meeting room', a 'brand room' and a 'creative room', all furnished with items from our own range. In addition, the corridors are equipped with whiteboards so that ideas can be captured anytime and anywhere. And our space isn't the only thing undergoing change – entire teams have also embarked on a journey of agile transformation. The Online Platform & Technology and Corporate Responsibility departments, for example, are testing agile working methods and team structures with support from in-house and third-party experts. The focus is on the idea of experimenting and learning in heterogeneous, self-organized teams, to be able to react more quickly to changes and customer needs.

With these and other major and minor changes, we are gradually setting up our company as ONE Tchibo for the future, because respect and team spirit are prerequisites for integrated and productive cooperation – and not least for healthy growth.

Sought-after and supported: Creativity and inventiveness

We value and encourage our employees' ingenuity and inventiveness – and have created the online platform GOOD IDEA! to promote it. The platform gives our employees a digital forum for contributing their own ideas and solutions to Tchibo, and for rating and commenting on their colleagues' ideas.



At the beginning of 2018, we expanded this Crowd Innovation Platform to include MY IDEA. Regardless of whether a campaign is ongoing, employees can go to MY IDEA at any time to submit ideas that create a value-add for Tchibo and have a business relevance for the company. Our employees once again submitted exciting and imaginative ideas in 2017 during our second GOOD IDEA! idea campaign. The judges honoured five of the 40 ideas submitted with a reward.

Firmly established: Co-determination at work

We want employees who get actively involved and help to shape the company. The laws mandating co-determination on the works council and Supervisory Board gives employees the opportunity to influence business decisions. In accordance with the provisions of the Works Constitution Act (BetrVG), the works council consists of 35 members and five members on the youth and trainee council. The Supervisory Board has an equal number of representatives for employees and shareholders. The two bodies work together closely. At the company meetings, which take place regularly at the Hamburg headquarters and other locations, colleagues are informed about the work of the works council, the development of the business, the results of the employee survey as well as selected topics such as health management, and the Group's offers to help employees achieve a healthy work-life balance. Tchibo employees have the opportunity to submit urgent and important questions to the works council and Tchibo management, which are then answered at the meetings.

► Talent Management

Recruiting talents and keeping them inspired long-term

GRI 404-2

Well-qualified and dedicated employees play a crucial role in our company's long-term success. We want to retain experienced employees long-term, and get motivated next-generation professionals excited about our company. This requires flexible talent management that meets the current challenges of the labour market, makes career opportunities transparent, and opens up interdisciplinary paths. We succeeded in doing this with the implementation of the 'Talent Navigator'. Consolidating our job descriptions into simple, cross-departmental role profiles reveals career paths and development opportunities, and offers better orientation for employees and managers. The Talent Navigator transparently maps our job architecture, including all relevant information, and is therefore an elemental component of our HR work. It is stored in our digital talent management platform 'myTrack', allowing managers, employees and HR can access it at any time for purposes of personnel development. The role profiles provide them with clear orientation in recruiting, in managing performance and potential, in determining salaries, planning succession, and general staff development.

To recruit new talent for our company, our University Marketing team not only talks to potential recruits at job fairs and other hiring events, but also gives them a way to gain first-hand insight into the Tchibo world of work. On the occasion of the Hamburg Company Tour 2017, we once again invited around 100 students to the company and gave them the opportunity to experience Tchibo's working atmosphere and corporate culture up close and personal.



We meet the growing requirements arising from the dynamic market environment with customer-focused, future-oriented solutions, to which junior staff repeatedly make contributions. We continued our Young Talent Challenge in 2017. Around 20 young talents – including apprentices, students, trainees, young managers, and participants of the Cross-Company Programme – had the opportunity to complete a two-month programme that was integrated into the Tchibo workaday routine. The team used new, agile methods to develop ideas for tackling challenges faced by various departments.

Promoting the next generation: Finding the specialists and executives of tomorrow

We offer prospective young professionals who wish to begin their careers at Tchibo various ways to enter the company: from internships and apprenticeships to dual-degree and trainee programmes, and the Cross-Company Programme. We start as early as middle school, having participated in the annual Girls' and Boys' Day since 2000. In 2017, we once again welcomed 40 pupils in grades 5–10 at the Hamburg headquarters, where they were able to 'shadow' Tchibo employees at work for a day. In 2018 we will again participate in Girls' and Boys' Day.



Tchibo is an important company in the vocational training community. We offer a wide range of apprenticeships – mainly in commercial and technical professions. We make it a priority for apprentices to learn to work independently and to assume responsibility. In 2017, for example, 19 trainees took over the complete management of a Tchibo shop during our 'Apprentice Week': in Bielefeld, Münster and Eisenach. In workshops, they developed shared objectives, planned specials, drew up schedules and adopted 'team rules'.

Our trainee programmes serve to secure long-term talent and systematically train our junior (management) staff. The programmes are not static, but are developed and adjusted according to requirements and changes. In 2017, e.g., we developed a new trainee programme in the field of IT and redesigned a number of other programmes, making them even more strategic. As part of this realignment, in 2017 a trainee had the unprecedented opportunity to spend three months abroad at the Ipanema Coffee Farm. In 2017, we were able to recruit eight new trainees for Tchibo in the Marketing Coffee, Controlling/Corporate Management, Supply Chain Management & Logistics and IT departments.

The Cross-Company Programme, we jointly initiated with Beiersdorf in 2016 takes a whole new approach to getting promising talent excited for Tchibo. From hundreds of applicants, the ten best young talents with some work experience in sales and marketing are given the chance to get to know, in depth, two companies in the retail and Fast Moving Consumer Goods (FMCG) sectors. Over a period of 18 to 24 months, they pass through various departments at the two companies. Our aim with the programme is to prepare and motivate junior employees to take over a project management or other management role in sales and marketing at Tchibo or Beiersdorf. We prepare them for this by giving them responsibility for individual projects, supported by mentoring and individual coaching. 2017 was the first time that the 'Cross-Company Talk' took place as part of the programme. One of these two dialogue events focused on the topic of 'Digital Transformation'. For one evening, the programme participants came together with managers and employees of both companies, exchanged ideas, and made contacts for potential future joint projects.



We also offer development opportunities in the Depots (supermarket concessions) and Sales departments, through a management training programme specifically for recent graduates with a business degree focusing on retail and sales as well as some sales experience. In 2016, three junior staff started the programme, two more followed in 2017, and three new talents will be added in 2018. Our goal is to train the participants, who are supported by mentoring, seminars and feedback discussions, to become sales all-rounders within 24 months, and then hiring them for a management role, primarily in the sales force, but also in the back office. To find out even more specifically whether the university graduates fit into Tchibo's sales team, a two-day 'Fit4Sales' event took place for the first time in 2017, replacing the conventional job interviews with applicants.

Performance reviews: Systematic staff development

Regularly giving employees transparent feedback about their performance, pointing out their prospects at the company, and providing systematic support in their self-directed professional development – we see all of these as key aspects of contemporary staff development. We create an effective framework for this and offer opportunities for regular dialogue with feedback, target-achievement, and target-setting meetings between employee and manager as equal partners. TRACKS, our performance management process, always serves as the basis for this.

The word 'TRACKS' is written in a large, blue, sans-serif font. The letters are spaced out and have a slightly distressed or blocky appearance.

With the myTrack digital platform for talent management, Tchibo had already introduced integrated talent management software for the systematic promotion of our employees in 2016. myTrack not only helps employees manage the process, but also sends reminders for all upcoming tasks, and gives insight into all relevant data at all times. TRACKS, meanwhile, enables us to differentiate performance more clearly, give greater visibility to talent at Tchibo, and supporting them even more systematically. We also actively involve employees in the appraisal process by encouraging them to submit a self-assessment and learn to reflect on their role and achievements over the past year in the run-up to their appraisal interview. In 2017, more than half of the employees actively participated in the process by doing this.

Tchibo CAMPUS: self-directed, sustainable learning

Our working world is constantly changing – and so are the requirements and tasks in our company. The professional and personal development of our employees and managers is therefore very important to us and contributes crucially to our competitiveness. We provide a wide range of development opportunities through our company's central learning platform, Tchibo CAMPUS. With its broad range of offerings, we encourage our employees to design their own learning journey and continuously acquire new experience and knowledge.



The results of our CAMPUS survey 'How do you learn best?', in which 400 employees and 100 managers took part, were a key influencing factor in developing the 2017 range. On this basis, we developed an offer that contains new, contemporary topics and practice-oriented formats as well as tried-and-tested content and tools. For example, the formats now involve smaller learning units and are distributed over a longer period of time. This, along with their practical relevance, enables participants to learn in a more self-reflective way and with reference to their workaday routine.

Also, in designing the Tchibo CAMPUS offerings we primarily focused on the new challenges that our company – and all its managers and employees – face as a result of digitalisation, because digitalisation is rapidly and radically changing our working environment. Accordingly, many of our learning offers focused on digitalisation and 'New Work'. For example, Dr Willms Buhse – author, entrepreneur and digital leadership consultant – sensitised more than 200 Tchibo employees to the challenges and success factors of digitalisation. In training sessions, employees were able to get to know and try out agile working methods. Our classes for executives on agile leadership and mindset made the changing leadership principles tangible and stimulated a rethink.

Digitalisation wasn't just a topic covered at Tchibo CAMPUS. The CAMPUS itself practiced digitalization and migrated to the myTRACK digital platform. This means that up-to-the-minute offers, reviews by participants, and the availability of free places for our employees are now visible at a glance. A new addition is the eLibrary, with more than 700 e-books available for free download. CAMPUS also offers a way to share digital learning sources with colleagues with the 'Collections' feature in myTRACK.

In addition to new content and formats, proven offerings continue to be an important component of CAMPUS, to promote the self-directed development of everyone in the company. For example, the two-day introductory event 'Presenting: Tchibo' for new hires continues to take place twice a year. About 60 new employees get to know various departments, their jobs, and Tchibo's business processes in a hands-on way by participating in a company treasure hunt.

Our management development also follows the approach of self-directed, sustainable learning. For example, we support our next-generation managers with the six-month 'Learn to Lead' programme, which helps them build personal networks and expand their skills. New managers go through the 'Leading People' programme, in which they learn the tools of leadership, among other things. We also offer a new format: the 360-degree feedback process, in which colleagues, employees, superiors, customers and external business partners all provide feedback to the managers. This 'all-round view' gives each individual manager the opportunity for self-reflection and a very individual design of the development path. Another new feature at CAMPUS is the management workshop, where managers can share their challenges and jointly develop creative solutions in moderated, collegial consultancy sessions. In addition, a new chapter was added to the 'Handbook for Managers', which provides answers to fundamental management questions. 'Transition coaching' is a coaching process in which employees who take on a new leadership role can choose to be accompanied by a personnel development professional.

► Balance

A healthy work-life balance

— GRI 403-3

Every day, our employees meet high requirements and expectations. The basis for their commitment, performance and hence our company's success is a working environment that promotes and maintains health and allows everyone to maintain a healthy work-life balance. As a family-owned company, our responsibility lies in providing management methods, processes and support that empower employees to maintain a healthy balance.

In 2015, we established the HR Balance team and introduced the interdisciplinary 'Balance' project for this purpose. It integrates our occupational health management (OHM) and all other work-life balance activities. We also gave visibility to the activities at the decentralised sites in 2017 by publishing the Balance News.

Our occupational health management works to ensure that our employees actively engage in maintaining their health. Besides various occupational health and safety measures, we offer an extensive range of preventive and promotional measures for both physical and mental health. They address topics such as nutrition, exercise, relaxation methods, and a balanced working life. In 2017, we hosted numerous OHM events, including workshops, courses, and 'Balance'-themed evenings.

We wish to offer our employees an attractive and healthy working environment. This includes regularly checking for ergonomically correct workstation design and possible sources of stress at the workplace, for example through noise, as well as taking appropriate optimisation measures. As part of our measures to promote health, we also added the topic of 'healthy and safe leadership' to our handbook for managers.

For a healthy work-life balance

We are committed to our employees' health and equilibrium. To better leverage synergies, in 2015 we established the HR Balance team and introduced the interdisciplinary 'Balance' project, which supports health and work-life balance. In 2017, we offered a lot of activities and information on the eight Balance core areas of My Family, My Time, My Health, My Sport, My Nutrition, My Culture, My Discounts and Balance at the sites, and worked with a health insurance provider to develop new activities for our employees.

Our corporate reintegration management (CRM) scheme supports employees who have been ill for more than six weeks in a given year with their return to work. We offer them individual, flexible workstations or working hours and also work with them to adapt their tasks as needed. The goal is to quickly and gently settle the employees in again, and make them fit for work again in the long term.

We support our employees with disabilities through our Disabilities Officer, as well as seminars and offers for dialogue. In the past seven years, we have increased the proportion of our employees with a disability to over six percent of the total workforce.

My Sport

Regular exercise is an important factor for staying mentally and physically fit and creating a healthy balance to workplace stress. We offer our employees a wide range of options, along with financial support.

Since the end of 2015, for example, we have offered the weekly 'Active Break' – a short sequence of relaxation and strengthening and stretching exercises – at the Hamburg production site as well as in the administration building in Süderstrasse – to offset work stress. At the Hamburg headquarters we operate a leisure centre that

offers about 35 courses per week, fitness equipment, a swimming pool, a large gymnasium, a squash court, a foosball table, billiard tables and table tennis, as well as a bowling alley. A break and relaxation lounge has also been redesigned, with features including massage chairs where employees can recharge their batteries. On average, around 350 Tchibo employees, family members and pensioners use the leisure centre's services every day.

At our logistics site in Gallin, we offer our employees the option of mobile massages at their workplace. Our employees in the sales force and in the Tchibo shops receive discounts, e.g. on Germany-wide fitness programmes. In 2017, Tchibo cooperated with the Gruner & Jahr publishing house to offer its employees, for the first time, a fitness programme in conjunction with a diet scheme designed by the women's magazine brand BRIGITTE. As part of the cooperation, employees received four weeks of free participation in the BRIGITTE online diet & fitness programme and receive expert tips on exercise, motivation and regeneration.

My Nutrition

We round off the Tchibo health concept for our employees with a balanced, fresh and sustainable diet. Food is freshly prepared each day at the Nordlicht staff restaurant at the Hamburg headquarters, and in the staff restaurants at the production and logistics sites. The Nordlicht has included a 'KlimaTeller' ('Climate Special') on its menu every week since 2012. In these specials, meat and dairy products – which have a high carbon footprint as their production produces a lot of greenhouse gas emissions – are substituted with climatic-neutral dishes. Through this measure alone, we have already saved a total of 105.80 tons of CO₂ equivalents. We also host theme weeks to encourage our employees to choose healthy, light meals, and to transfer this inspiration into their personal lives as well. In 2017, we also introduced a BRIGITTE diet special at the Nordlicht. Under the heading 'Genuss mit Leichtigkeit' ('Light and Delicious'), the City Nordlicht restaurant offers a BRIGITTE diet meal every day for one week. Also in 2017, we first introduced the offer of nutritional consulting for our employees – individually and in group sessions.



In January 2018, for example, our employees were invited to learn how to practice healthy nutrition in the daily routine in six Monday meetings at the Nordlicht restaurant. The German broadcaster NDR's 'Nutrition Docs' prepared healthy dishes under various mottoes. We also expanded our traditional Christmas special: on request, Tchibo employees can request a vegan alternative to the classic gift of a Christmas roast.

Facilitating a healthy work-life balance

As a family-friendly company, we support employees in achieving a healthy work-life balance. We gear our offerings to the individual needs of our employees and their requirements at different stages of their lives. We define 'family' to mean all domestic partnerships where social responsibility is assumed long-term. In other words, this includes parents, children, spouses/long-term partners, siblings, and grandparents.



For our commitment to a healthy work-life balance, we were the first retail company in Germany to be certified as a 'family-conscious employer' by berufundfamilie Service GmbH, an initiative by the non-profit Hertie Foundation. In 2013, we were recertified until August 2016, and in June 2017 we were audited and certified as a 'family-conscious employer' for the third time.

At our company, we apply the principle of trust-based working hours, because for us what counts is an employee's actual performance, not the time they spend in the office. All employees, including managers, have the option of working part-time. A company agreement on working from home provides added flexibility. Job-sharing models and sabbaticals are also possible.

In the New Workplaces@Tchibo pilot project, we also created new work environments, in the form of Creative, Communication, Work and Quiet zones. The employees no longer sit at a fixed place, but choose their workstation

flexibly and depending on the project they are working on. Because this concept proved its merit in the Coffee Marketing, Cafissimo and Non Food departments, in 2017 we implemented it for the Corporate Responsibility and Human Resources departments as well.

Care of children and relatives

Our 'connection concept' facilitates our employees' return to work after parental leave. We also support parents with childcare, by providing 43 day-care spaces at the child-care centres we work with near the Hamburg headquarters.

We have worked closely with pme Familienservice Gmbh for many years in order to meet the various family requirements that our employees face during their working life as adequately as possible. pme Familienservice provides consultation on all childcare-related matters and helps with sourcing emergency care. Together with the holiday camp provider kidz-playground, we offer our employees holiday programmes for their children from the age of six three times a year.

pme Familienservice also advises our employees on the subject of caring for family members and helps them source care services. To provide even better assistance to our employees in reconciling work and the care of relatives, in November 2016, we introduced the position of a 'Work and Care Compatibility Guide' to advise our employees. The initiative for having such an officer as the first point of contact in companies was put forward by the Hamburg Alliance for Families, a consortium made up of the Hamburg Senate, Chambers of Commerce and Chambers of Trades and Crafts.

► Remuneration, benefits & Tchibo extras

Rewarding performance and commitment

Passionate and committed employees are the basis for our long-term success. Winning them for Tchibo and keeping them motivated long term basis, offering them development opportunities, and retaining them in the company for the duration are some of the central objectives of our sustainable business activities.

We regard compensation as one of several important factors in attracting talented employees. Our remuneration principles are based on our company values and our business strategy. We recognize our employees' commitment through fair and performance-related remuneration and a large number of voluntary benefits, and offer them attractive development opportunities. Employees who deepen and expand their knowledge and skills receive special acknowledgment from us – because in doing so they not only develop their own skillset, but also help to advance Tchibo's development.

In designing our compensation system, we take into account local market requirements and conditions as well as employee performance. We regularly carry out market analyses to ensure that our remuneration level and our benefits package puts us in a good position vis-à-vis competitors, long term. We compare our offer with the latest market developments and adjust it as needed.

We compensate our employees according to the grouping of their position, or employee group:

- The basic salary depends on the job requirements, the importance of their position in the company, and the salary level that is common inside and outside the company. The further salary development during their time with the company depends on the employee's individual performance and development.
- We acknowledge special achievements and results with a monetary reward in the form of variable remuneration such as bonuses and premiums.

- We assign company cars as a component of remuneration taking into account the market, and the job function.
- Every employee is entitled to a discount on Coffee and Non Food items.

Fair pay for men and women

By compensating all employees according to their employee group, we ensure that compensation is set on a consistent and non-discriminatory basis. Employees can view the compensation policy on the intranet. In addition, compliance with compensation decisions is regularly reviewed by the Human Resources department to ensure fair implementation. In accordance with the Remuneration Transparency Act, we give employees the opportunity to request information on the distribution of remuneration between male and female employees with the same job function. Employees can submit their requests anonymously to the HR department via the works council and receive the information relevant to them in accordance with legal requirements.

Recognising commitment and dedication: Tchibo Extras

The attractive voluntary employee benefits with which we recognise the dedication and commitment of our employees are an integral part of our corporate culture. These extras include pension schemes, health promotion initiatives, Group accident insurance that provides 24-hour coverage and therefore also extends to their personal life outside of work, as well as employee discounts on Tchibo products and travel. We also promote our employees' safety of on their way to work with driving safety training, which is subsidised by the employers' liability insurance association.

As part of our company's health promotion efforts, we offer our employees a comprehensive fitness range, especially with the leisure centre at our Hamburg headquarters. For a fee of just €2 a month they can participate in around seven sports and use the in-house swimming pool and weight room. Employees who live outside Hamburg are offered discounted gym memberships.

Social insurance: beyond active employment

As a responsible employer, we are also committed to our employees' well-being beyond their active employment through various retirement provision measures. For 15 years now, we have offered all employees at Tchibo GmbH and our German subsidiaries a company pension scheme. The capital payment amount depends on the employees' contractual position and how long they worked for the company. As part of the 'collective bargaining and statutory pension provisions', we also offer all Tchibo employees the option of building up an additional pension pot through payments that are exempt from taxes and social security contributions, and to which we make an annual employer contribution upon request. Our employees can also take out direct insurance through the company to cover possible shortfalls and as a further instrument of personal provision. On request, our HR department offers employees consultation about optimal, individual solutions.

Overview of our comprehensive benefits package

- Flexible working hours systems including trust-based working hours, flex-time, part-time and work from home, sabbaticals
- Pension benefits (e.g. group accident insurance, company pension)
- Anniversary gifts
- Preventive healthcare, measures to promote a healthy work-life balance
- Employee discount and monthly coffee allowance
- Subsidised public transport
- Staff restaurant and cafeteria, coffee pantries on all floors with a range of coffee, tea, cocoa and mineral water, free to employees
- Offers at the leisure centre
- A company sports programme

- Day-care places at the City Nord children's day-care centre and at partner day-care facilities in the surrounding area
- Children's events
- Seniors events
- Organic Christmas roast
- Organisation of festivals and parties

► Social commitment

Social commitment: shouldering social responsibility, together

As a family-owned company and an active member of society, we feel it is a matter of course to take responsibility beyond the boundaries of our own business activities. This includes supporting non-profit organisations and promoting our employees' volunteer efforts, so that together, we make a positive contribution to societal development.

Integration of displaced persons

As a globally operating company, we are particularly concerned with making an active contribution to refugee aid and helping to integrate and employ displaced persons. Employment and a quick start into the working world are particularly important for this: Since 2015, we have therefore been providing targeted commercial and industrial internships and training positions for displaced persons. By the end of 2017, we were able to give internships to twelve displaced persons and ended up hiring two of them as employees. In 2016, one intern also participated in the 'Apprenticeship Preparation for Migrants' program.



To support our efforts, in mid-2016 we joined the German business sector's integration initiative 'Wir zusammen' ('We, together'), which promotes the integration of refugees into business and society.

Besides offering employment options, we are personally involved through our corporate volunteering programme, which enables employees to take action for displaced persons and others in need, during working hours.

Employees get involved (Corporate Volunteering)



Since 2016, Tchibo has teamed up with the Free and Hanseatic City of Hamburg's social services company, 'f & w fördern und wohnen AöR', and the 'Gute Tat' ('Good Deed') Foundation to organise regular corporate volunteering operations at social institutions in Hamburg. In March and September 2017, parties were hosted for the children of displaced persons at a preliminary reception centre in Hamburg. Together with the Tchibo staff, the children painted, did crafts and played, and even our CEO was actively involved. Beyond the company-wide activities, individual departments devoted their team days to corporate volunteering, e.g. at a soup kitchen for the homeless.

Our corporate volunteering efforts will be continued and extended to other target groups in 2018.

Support for those in need

We support displaced persons and other people in need by making useful in-kind donations to recognized aid organizations in our sales territories Germany, Austria and Turkey. In 2017, goods including coffee, tea, chocolate drinks and consumer goods worth € 115,000 were donated in this context.



In addition, Tchibo has cooperated with Tafel Deutschland e. V., Germany's federal association of food banks, since 2016. The 'Tchibo Christmas Miracles' in 2016 and 2017 made it possible for nearly 520,000 Tchibo gift packages containing winter clothing, practical household items, children's toys, and coffee to be given to people in need throughout Germany. Tchibo employees were personally involved in the implementation of these 'miracles' as well, taking on approximately 360 wish-list sponsorships for children in need through the Hamburg and Cottbus food banks at Christmas 2017.

In addition to presenting gifts, the 'Jede Tafel eine gute Tat' ('Every bar a good deed') campaign was carried out in November and December 2017: chocolate bars were sold at all Tchibo shops and online, and 100% of the sales proceeds donated to Tafel Deutschland. The amount raised will go to finance projects and aid for people in need in Germany. The cooperation with Tafel Deutschland e. V. will continue in 2018.

► Facts & Figures



Key Performance Indicators

— GRI 102-48

We use a system of informative indicators to continually measure our sustainability-related achievements. The figures testify to the progress we've made, but also point to necessary improvements, and thus form the basis for managing our sustainability activities on the way to becoming a 100% sustainable business.

As in the preceding years, in 2017 we report on developments in our value chains and action areas in a transparent, fact-focused manner based on indices and key performance indicators. We use performance indicators to manage and further develop our key sustainability activities and to focus our reporting on the topics that are salient for Tchibo.

The 2015 to 2017 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 CO₂-emissions. No prior-year figures are shown for selected indicators which were fundamentally revised or surveyed for the first time in 2016. 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 2017, 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.

Indicators for the 2017 calendar year that were audited by an independent auditing company are marked with the audit symbol , indicators for the 2016 calendar year with the audit symbol .

The complete audit certificate can be found at the end of this report.

Sustainable Business Governance	Unit	2015	2016	2017
Revenues Tchibo revenues	€ bn	3.4	3.3	Available from 08/2018
Coffee value chain	Unit	2015	2016	2017
Sustainable Coffee Share of certified (Fairtrade, Rainforest Alliance, UTZ, Bio) and 4C-validated green coffee in the total quantity of green coffee delivered to roasting plants for production during the reporting period.	%	41.2	36.3 ¹ ✓	26.4 ² ✓
Tchibo Joint Forces!® projects Number of projects that are ongoing or have been completed under the Tchibo Joint Forces!® program since 2011.	number	13	13	16
Non Food value chain	Unit	2015	2016	2017
Producers Number of producers who produced Non Food items for Tchibo in the main selling year (Hauptverkaufsjahr - HVK)	number	690	700 ✓	616
SCoC signatories Share of producers who have signed the Social and Environmental Code of Conduct (SCoC).	%	100	100	100
Direct business Share of directly purchased projects as a percentage of all purchasing projects.	%	70.3	72.0	76.4
WE Producers Number of producers who have participated in the Worldwide Enhancement of Social Quality (WE) qualification program since 2007.	number	323	342	364
WE Producers in HVK Number of WE producers who produced for Tchibo in the main selling year (HVK).	number	218	202	197 ✓
WE Products Share of purchasing projects that was realized using WE Producers.	%	60.8	59.7	62.2
WE purchasing volume Share of purchasing volume that was realized through WE Producers.	%	66.8	66.7	70.1

¹ We reduced the proportion of raw coffee grades validated according to the 4C baseline standards in 2016 and used the freed-up funds from the premiums for our 'Mainstreaming Sustainable Coffee Production' initiative.

² Due to delivery delays at the turn of the year 2017/2018, part of the quantity of 4C validated coffee scheduled for 2017 was not delivered until 2018, and was therefore not included in the 2017 figure.

Non Food value chain		Unit	2015	2016	2017
WE purchasing volume in at-risk countries³ Share of purchasing volumes from at-risk countries that was produced by WE producers.		%	73.8	71.9	72.0
Producing countries Share of purchasing projects per manufacturing country.	China	%	57.4	62.1	55.7
	Germany	%	7.8	5.3	6.2
	Turkey	%	6.8	5.4	5.8
	Bangladesh	%	5.5	5.0	7.7
	India	%	3.7	3.9	5.0
	Other ⁴	%	18.8	18.2	19.5
WE country coverage Share of purchasing projects at WE Producers as a percentage of total purchasing projects per manufacturing country.	Ethiopia	%	100	100	100
	China	%	71.2	62.9	66.5
	Bangladesh	%	100	93.3	100
	Cambodia	%	92.6	93.9	91.9
	Laos	%	100	100	100
	India	%	74.0	68.1	64.6
	Turkey	%	75.9	93.9	87.2
	Vietnam	%	76.1	57.3	31.4
Social and environmental audits by type of audit Number of internal and external Social and environmental audits performed, by type of audit.	Total	number	595	488	612
	Internal social and environmental audits	number	375	361	379
	External social and environmental audits	number	220 ⁵	127	233

³In the period under review, we considered all countries of production (see also those listed under 'Other' below). Countries classified as non-risk countries are excluded from this. These are all the EU countries (except Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia), as well as Israel, Japan, Switzerland, South Korea and the USA. Based on a risk analysis, these countries were excluded, because they have other effective mechanisms in place for meeting social and environmental standards (e.g. a functioning legal system, freedom of the press, and greater control by state authorities).

⁴Other in 2015: 31 Countries: AT, BA, BG, CH, CZ, EG, ET, FR, HU, ID, IL, IN, IT, JP, KH, LA, LB, LK, LT, MM, MY, NL, PK, PL, RO, SI, SK, TH, TN, TW und VN; 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 und 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, VN

⁵Increase in the number of audits due to audits at upstream suppliers (e.g. packaging and other preliminary stages) and minimum wage audits in Germany.

Non Food value chain		Unit	2015	2016	2017
Social and environmental audits by country Number of <u>internal and external</u> social and environmental audits performed, by producing country.	Total	number	595	488	612
	Bangladesh	number	9	17	31
	China	number	377	332	401
	India	number	68	36	46
	Indonesia	number	10	27	12
	Cambodia	number	18	15	10
	Thailand	number	6	2	6
	Turkey	number	11	15	11
	Vietnam	number	43	12	52
	Other ⁶	number	53	33	43
Responsibly produced cotton Share of textiles made from/ with 'Organic Cotton', 'Cotton made in Africa', 'Better Cotton Initiative', 'Appachi ECO-LOGIC Cotton', or GOTS. ⁷	Total	%	80	80	80
Sustainable man-made cellulose-based fibres Share of textiles containing man-made cellulose fibres (viscose, Modal, Tencel, and Micro Modal), made from responsible sources and to eco-friendlier standards in cooperation with Lenzing AG.	Total	%	64	81	78
Wood and paper from responsible sources Share of products with a wood/ cellulose component (except textiles) that meet the FTS standard (traceability in accordance with EU Timber Regulation)	Total	%	100	100	100
Wood and paper from responsible sources Share of products with a wood/ cellulose component (except textiles) that are certified according to Forest Stewardship Council (FSC [®]) criteria or that are regionally sourced ⁸	Total	%	40	40	58

⁶ Other in 2015: Egypt. Bosnia-Herzegovina. Germany. Britain. Lebanon. Malaysia. Macedonia. Myanmar. Sri Lanka. Pakistan. Taiwan. Tunisia. Ukraine. Other in 2016: Taiwan. Myanmar. Romania. Malaysia. Philippines. Sri Lanka. Macedonia. Czech Republic and Poland. Other 2017: Egypt. Bosnia-Herzegovina. Brazil. Germany. Italy. Myanmar. Pakistan. Philippines. Poland. Romania. Sri Lanka. Taiwan. Thailand. Czech Republic. Tunisia and Belarus.

⁷ Tchibo terminated its membership in the Better Cotton Initiative (BCI) in 2015. In 2016, we started offering textiles from the Appachi ECO-LOGIC initiative.

⁸ The 2016 figure was an approximation, as we were revising the recording and analysis of our indicators at the time. The shares from regional sources are not included in the 2015 and 2016 indicators.

Non Food value chain		Unit	2015	2016	2017
Chrome-free tanned leather Share of leather products made from chrome-free tanned leather.	Total	%	98	100	100

Environment		Unit	2015	2016	2017
Logistics					
Transport-related CO₂e-emissions (average)⁹ CO ₂ e-emissions caused by the transport of Tchibo products, as a proportion of total ton-kilometres ¹⁰	Total¹¹	g/tkm	14.36	14.50	15.68
Transport-related CO₂e-emissions (absolute) CO ₂ e-emissions caused by the transport of Tchibo products, not adjusted for volume.	Total¹¹	t	59,477	60,072 ✓	63,994
	Ocean-going vessels	t	26,695	18,330 ✓	17,333
	Truck	t	22,491	27,363 ¹² ✓	27,932
	Rail	t	4,264	4,229 ✓	5,709
	Air	t	5,999	10,120 ✓	12,981
	Inland water-way vessels	t	47	30 ✓	39.82
Reduction of transport-related CO₂e-emissions Decline in transport-related CO ₂ e-emissions compared with the base year 2006.	Average CO ₂ e-emissions in g/tkm	%	-27.3	-27.0	-20.6
	Absolute CO ₂ e-emissions in t	%	-53.7	-53.0	-50.2
Transport-related CO₂e-emissions by mode of transport Share in transport-related CO ₂ e-emissions, by mode of transport used.	Ocean-going vessels	%	44.9	30.5	27.1
	Truck	%	37.8	45.6	43.7
	Rail	%	7.1	7.0	8.9
	Air	%	10.1	16.9	20.3
	Inland water-way vessels	%	0.1	0.1	0.1

⁹ CO₂ equivalents (CO₂e) include not only carbon dioxide, but also other greenhouse gases such as methane and nitrous oxide.

¹⁰ Ton-kilometres are a common unit of measurement in goods transport. It is calculated from the weight of the transported goods in tons, multiplied by the distance covered in kilometres.

¹¹ Changes in our Non Food processes led to increased air and truck transports in 2016 and 2017.

¹² The increase in truck transports can be attributed mainly to the extension of scope to include new B2C relationships and the sharpening of the average route values.

Environment		Unit	2015	2016	2017
Sites and Tchibo Shops					
Energy consumption at sites Energy used at the Tchibo Shops, the Tchibo Head Office in Hamburg, the warehousing sites in Neumarkt and Gallin and the roasting plants in Berlin and Hamburg.	Total	MWh	117,070	116,479	115,558
	By type of energy				
	Electricity	MWh	55,993	53,786	53,223
	Gas	MWh	55,784	56,627	56,201
	District heat	MWh	4,069	4,883	4,626
	District cooling	MWh	1,224	1,183	1,295
	By type of site				
	Administrative (offices)	MWh	10,739	11,293	11,268
	Tchibo Shops	MWh	21,761	20,038	19,750
	Roasting plants	MWh	72,643	72,718	72,239
Warehouses	MWh	11,927	12,430	12,301	
CO₂ emissions from energy consumption at sites CO ₂ emissions caused by energy consumption at our sites. ¹³	Total	t	45,480	44,310	43,976
	Electricity	t	29,956	28,345	28,161
	Gas	t	13,946	14,157	14,050
	District heat	t	1,213	1,455	1,378
	District cooling	t	365	352	386
Electricity obtained from renewable energy sources Share of electricity obtained from renewable sources.	Total	%	100	100	100
	Administrative (offices)	%	100	100	100
	Tchibo Shops	%	100	100	100
	Roasting plants	%	100	100	100
	Warehouses	%	100	100	100
Mobility					
Distances covered on business trips Total distance traveled by Tchibo employees on business trips.	Total	km	30,501,139	27,956,197	27,361,712
	Company vehicles	km	15,000,629	14,456,564	14,113,787
	Air	km	12,620,598	10,933,774	9,850,472
	Rail	km	2,570,292	2,264,834	3,096,428
	Rental cars	km	309,620	301,025	301,025

¹³ The basis for calculating CO₂ emissions from electricity consumption was changed vis-à-vis the Sustainability Report 2014 due to an update of the relevant emission factor. In this report, the updated CO₂ emission factors as defined in "Development over time in the specific carbon dioxide emissions of the German electricity mix: 1990 to 2016", UBA 15/2017 were used. The calculation basis for gas, district heat and district cooling are the CO₂ equivalent emission factor in accordance with GEMIS 2015, taking into consideration the total lifecycle incl. transports and material input, excluding disposal. The use of the latest emission factors in each case limits a direct comparability with the 2014 and 2015 figures.

Environment		Unit	2015	2016	2017
Mobility					
CO₂ emissions associated with business trips CO ₂ emissions associated with business trips by Tchibo employees. ¹⁴	Total	t	4,082	3,749	3,548
	Company vehicles	t	2,540	2,400	2,292
	Air	t	1,418	1,236	1,116
	Rail	t	84	74	102
	Rental cars	t	40	38	38
Fuel consumption of the Tchibo fleet of cars and associated CO₂ emissions CO ₂ emissions from fuel consumed by the Tchibo fleet of cars.	CO ₂ emissions	t	2,540	2,400	2,292
	CO ₂ emissions (average)	g/km	116	113	110
	Fuel consumption	1,000 l	971	918	877
Packaging and waste					
Packaging materials brought into circulation Volume of packaging materials brought into circulation by Tchibo.	Total	t	19,172	18,668	17,268
	Paper/ cardboard	t	14,231	13,606	11,959
	Plastics	t	2,116	2,619	2,866
	Composite packaging	t	2,328	2,024	2,138
	Glass	t	454	386	275
	Aluminium	t	8	13	9
	Tin	t	23	9	9
	Other	t	12	11	12

¹⁴ Calculated based on Öko-Institut emission factors (in accordance with 4.6) or information supplied by the service provider.

Environment		Unit	2015	2016	2017
Packaging and waste					
Waste at Tchibo sites Waste generated at Tchibo's administrative, production and warehousing sites.	Total	t	13,012.00	10,501.79	11,163.55
	Paper and cardboard	t	8,104.20	6,289.90	6,171.91
	Municipal waste	t	2,186.99	1,505.88	2,000.77
	Waste from the production and processing of food	t	1,557.35	1,695.44	1,941.13
	Mixed foil	t	377.76	198.61	182.22
	Plastic waste	t	175.89	126.93	159.04
	Bulky waste	t	313.81	61.97	55.37
	Wood	t	93.81	543.57	184.49
	Glass	t	0.00	0.00	60.76
	Used appliances	t	181.85	155.90	389.40
	Hazardous waste (according to the Waste Catalogue Ordinance)	t	8.50	2.30	12.01
	Waste from construction and demolition	t	11.84	1.42	6.45
	Waste at warehousing sites operated by service providers Waste generated at warehousing sites operated by service providers (that Tchibo cooperates with).	Total	t	6,748.64	6,573.25
Paper and cardboard		t	5,665.60	5,241.13	6,272.35
Municipal waste		t	373.81	546.01	483.24
Waste from the production and processing of food		t	0.00	0.00	0.00
Mixed foil		t	199.29	163.93	178.76
Plastic waste		t	1.53	0.00	0.00
Bulky waste		t	454.50	622.18	1,096.32
Wood		t	53.88	0.00	1.67
Glass		t	0.00	0.00	0.00
Ceramics		t	0.23	0.00	0.00
Used appliances		t	0.00	0.00	1.15

Environment		Unit	2015	2016	2017
Packaging and waste					
Waste at warehousing sites operated by service providers Waste generated at warehousing sites operated by service providers (that Tchibo cooperates with).	Hazardous waste (according to the Waste Catalogue Ordinance)	t	0.00	0.00	0.00
	Waste from construction and demolition	t	0.00	0.00	2.02
Waste by type and disposal method Total volume of waste broken down by hazardous vs. non-hazardous waste and by disposal method.	Hazardous waste	t	8.50	2.30	12.01
	Non-hazardous Waste	t	19,752.14	17,072.74	19,187.05
	Compost	t	159.82	1,528.89	1,747.01
	Recycle	t	18,721.17	14,748.16	18,123.67
	Incineration	t	773.38	725.86	939.31
	Landfill	t	97.77	69.83	124.07
Water					
Water consumption Annual water consumption at administrative offices in Hamburg and at warehousing sites.	Total	m ³	32,593	39,103	32,994
	Administrative sites	m ³	24,623	32,011 ¹⁵	25,721
	Warehousing sites	m ³	7,970	7,092	7,273

¹⁵ The increased water consumption at the administrative offices in 2016 resulted from a complete draining and replacement of the swimming pool water at the leisure centre of the company headquarters in Hamburg.

Employees		Unit	2015	2016	2017
Personnel structure					
Employees The figures shown refer both to full-time and part-time employees, not counting interns, employees not covered by statutory wage continuation requirements, and employees on maternal or parental leave.	Total	number	7,715	7,481	7,534
	Women	number	6,221	6,024	6,018
	Men	number	1,494	1,457	1,516
Trainees and apprentices Number of apprentices and Trainees, by gender.	Apprentices	number	160	145	196
	Women	number	104	95	148
	Men	number	56	50	48
	Trainees	number	4	3	7
	Women	number	3	3	5
	Men	number	1	0	2

Employees		Unit	2015	2016	2017
Personnel structure					
Employees by area of deployment Number of Employees broken down by area of deployment and gender.	Tchibo Shops	number	4,804	4,612	4,481
	Women	number	4,704	4,510	4,387
	Men	number	100	102	94
	Back office	number	2,423	2,396	2,563
	Women	number	1,412	1,415	1,521
	Men	number	1,011	981	1,042
	Sales force	number	292	279	287
	Women	number	84	79	89
	Men	number	208	200	198
	Roasting plants	number	196	194	203
	Women	number	21	20	21
	Men	number	175	174	182
Employees by type of employment Share of employees with a full-time or part-time employment contract, by gender.	Part-time	%	65.4	65.7	64.0
	Women	%	96.3	96.1	95.6
	Men	%	3.7	3.9	4.4
	Full-time	%	34.6	34.3	36.0
	Women	%	51.0	50.8	51.9
	Men	%	49.0	49.2	48.1
Employees by type of contract Share of employees with a permanent or temporary employment contract, by gender	Permanent	%	86.0	87.9	86.8
	Women	%	80.2	80.2	79.4
	Men	%	19.8	19.8	20.6
	Temporary	%	14.0	12.1	13.2
	Women	%	89.0	86.9	84.7
	Men	%	11.0	13.1	15.3

Employees		Unit	2015	2016	2017
Personnel structure					
Distribution of wage levels¹⁶	Level 7–5	%	50.5	54.0	53.6
	Women	%	51.7	56.9	57.5
	Men	%	42.9	43.1	42.5
	Level 4	%	38.9	36.7	37.5
	Women	%	53.4	54.7	55.1
	Men	%	46.6	45.3	44.9
	Level 3-2	%	9.5	8.3	8.0
	Women	%	35.7	39.0	38.1
	Men	%	64.3	61.0	61.9
	Higher wage levels	%	1.0	1.0	1.0
	Women	%	13.0	13.6	13.0
	Men	%	87.0	86.4	87.0
	Age structure Age structure of the total workforce, shown in 3 age groups (< 30 years old, 30-50 years old, > 50 years old), by gender.	< 30 y.o.	%	14.3	14.6
Women		%	79.0	78.5	76.9
Men		%	21.0	21.5	23.1
30-50 y.o.		%	53.4	50.8	49.5
Women		%	79.6	79.5	78.6
Men		%	20.4	20.5	21.4
> 50 y.o.		%	32.4	34.6	35.3
Women		%	83.1	82.9	82.9
Men		%	16.9	17.1	17.1
Nationalities Share of German citizens, EU citizens, and non-EU citizens.	German citizens	%	93.5	92.9	91.5
	EU citizens	%	3.5	3.9	5.1
	non-EU citizens	%	3.0	3.2	3.4
Employees with disabilities Share of employees with disabilities in the total workforce, by business unit.	Tchibo GmbH	%	5.4	6.1	6.1
	Tchibo Manufacturing	%	11.0	12.2	7.4
	Average share	%	5.5	6.3	6.2

¹⁶ Until 2015, grouped according to the Hay Group method. Since 2016, based on a new remuneration system that reflects a given job's complexity and value contribution to the company's success

Employees		Unit	2015	2016	2017
New hires and exits					
New hires New hires (not including apprentices and trainees), by age group, gender and area of deployment.	Total	number	885	1,019	1,188
	Women	number	754	844	943
	Men	number	131	175	245
	By age group and gender				
	< 30 y.o.	number	397	513	574
	Women	number	348	415	458
	Men	number	49	98	116
	30-50 y.o.	number	428	435	494
	Women	number	349	362	377
	Men	number	79	73	117
	> 50 y.o.	number	60	71	120
	Women	number	57	67	108
	Men	number	3	4	12
	By area of deployment and gender				
	Tchibo Shops	number	670	757	730
	Women	number	638	696	683
	Men	number	34	61	47
	Back office	number	187	230	406
	Women	number	111	139	244
	Men	number	76	91	162
Sales force	number	16	22	37	
Women	number	6	7	13	
Men	number	10	15	24	
Roasting plants	number	12	10	15	
Women	number	1	2	3	
Men	number	11	8	12	
New apprentices and trainees Number of new apprentices and trainees, by gender.	Apprentices	number	57	29	99
	Women	number	40	18	80
	Men	number	17	11	19
	Trainees	number	3	2	5
	Women	number	3	2	4
	Men	number	0	0	1

Employees		Unit	2015	2016	2017
New hires and exits					
Fluctuation / Churn rate Employee departures in relation to the average head-count, by area of deployment and gender.	Total	%	10.2	10.9	10.2
	Women	%	10.7	10.9	10.2
	Men	%	8.1	10.6	9.2
	By area of deployment and gender				
	Tchibo Shops	%	12.2	12.3	12.0
	Women	%	12.0	11.6	11.4
	Men	%	25.0	50.8	44.3
	Back office	%	7.2	8.9	6.9
	Women	%	6.7	8.9	6.9
	Men	%	8.0	8.9	6.9
	Sales force	%	6.0	8.8	9.1
	Women	%	9.7	12.1	10.9
	Men	%	4.2	7.3	8.3
	Roasting plants	%	3.5	3.0	5.4
	Women	%	0.0	4.2	8.1
Men	%	4.0	2.8	5.0	
Reasons for leaving Reasons for leaving, by type and gender.	Termination by employees	%	71.4	68.0	74.2
	Women	%	88.4	84.5	85.9
	Men	%	11.6	15.5	14.1
	Amicable dissolutions	%	23.4	25.8	20.0
	Women	%	78.9	77.2	75.9
	Men	%	21.1	22.8	24.1
	Occupational disability / incapacity to work	%	1.7	1.7	1.1
	Women	%	100	93.3	100
	Men	%	0.0	6.7	0.0
	Death	%	0.7	0.8	1.3
	Women	%	66.7	85.7	72.7
	Men	%	33.3	14.3	27.3

Employees		Unit	2015	2016	2017
New hires and exits					
Reasons for leaving Reasons for leaving, by type and gender.	Exits without provision of reasons	%	2.9	3.8	3.5
	Women	%	69.2	70.6	51.7
	Men	%	30.8	29.4	48.3
Talent management					
Hours of training¹⁷	Total¹⁸	hours	31,875.50	36,381.00	37,552.50
Employee training	Total	number	2,939	3,524	4,484
Completed apprenticeships / traineeships Number of apprentices and trainees who completed their training, by area of deployment and gender.	Total	number	39	25	34
	Shop	number	14	15	21
	Back office	number	8	8	21
	Sales force	number	0	0	2
	Roasting plants	number	4	2	2
	Women	number	23	19	24
	Men	number	16	6	10
Work-life balance					
Employees on Parental leave Number of Employees on full parental leave (i.e. not employed part-time while on leave).	Total	number	128	167	166
	Tchibo Shops	number	75	69	101
	Back office	number	49	91	62
	Sales force	number	4	7	3
	Roasting plants	number	0	0	0
Integration of parental leavers after 3 Months Share of employees who were working at Tchibo again within 3 months after the end of a parental leave lasting at least 3 months.	Total	%	66	72	94
	Tchibo Shops	%	65	74	100
	Back office	%	74	79	86
	Sales force	%	25	43	80
	Roasting plants	%	0	0	0

¹⁷ 2015 marked the first-time survey of total training hours and employee training. The financial expenditure on this will not be surveyed in future.

¹⁸ Trainings that took place either onsite or directly in Tchibo shops are not taken into account in 2016 and 2017.

Employees		Unit	2015	2016	2017
Occupational health management					
Workplace accidents per 1,000 Employees Workplace accidents per 1,000 Employees (not counting smaller accidents; cumulated across our production and warehousing sites, Tchibo Shops, and administrative offices)	Total	number	32	25	24
Days of absence Number of paid sick days in relation to the average number of employees	Total	number	11.8	12.3	11.9
	Women	number	12.5	12.8	12.5
	Men	number	8.8	10.0	9.3
	By area of deployment and gender				
	Tchibo Shops	number	13.3	13.5	13.2
	Women	number	13.3	13.5	13.2
	Men	number	10.8	13.9	12.5
	Back office	number	9.3	10.0	9.7
	Women	number	10	10.5	10.5
	Men	number	8.1	9.2	8.6
	Sales force	number	7.6	6.8	7.5
	Women	number	10.9	8.5	10.8
	Men	number	6.0	6.0	6.1
	Roasting plants	number	15.0	17.6	15.0
	Women	number	14.6	21.6	15.2
Men	number	15.0	17.0	14.9	
Rate of absence Share of paid sick hours in relation to total number of target working hours, for a 12-month period.	Total	%	4.7	4.8	4.7
	Women	%	5.0	5.0	5.0
	Men	%	3.8	4.1	3.8
	By area of deployment and gender				
	Tchibo Shops	%	5.1	5.2	5.1
	Women	%	5.1	5.2	5.1
	Men	%	4.1	6.1	5.2
	Back office	%	4.3	4.4	4.3
	Women	%	4.9	4.8	4.8
	Men	%	3.6	3.9	3.6
Sales force	%	3.3	3.0	3.2	

Employees		Unit	2015	2016	2017
Occupational health management					
Rate of absence Share of paid sick hours in relation to total number of target working hours, for a 12-month period.	By area of deployment and gender				
	Women	%	5.2	4.1	5.0
	Men	%	2.5	2.5	2.5
	Roasting plants	%	6.2	7.3	6.2
	Women	%	6.9	9.7	7.3
	Men	%	6.1	7.0	6.0
Work-related fatalities Number of work-related fatalities in the total workforce and at independent contractors.	Total	number	0	0	0


GRI Content Index

GRI 102-54; GRI 102-55

We have based our sustainability reporting on the guidelines of the Global Reporting Initiative (GRI), the globally recognised basis for comparability and transparency, ever since 2008. The present Sustainability Report 2017 is the second one we prepared using the GRI standards, which will completely replace all previous GRI versions starting in 2018.

In 2012, we identified the topics that are material for Tchibo by means of an extensive stakeholder survey, and then mapped them in a materiality matrix. The key topics are derived from this matrix, and are updated in the course of our ongoing stakeholder involvement, and adjusted annually as needed.

The second time we used the new standard, as in the previous year, we focused on our key topics and particularly meaningful indicators, based on a systematic analysis of GRI standard requirements that we carried out in 2017. Where appropriate, we refer readers to helpful sources of further information.

This report is in accordance with the 'core option'. We also take into account the GRI additional protocol for the food industry, and the industry-specific supplementary indicators for the clothing and footwear industry, which exist as a pilot version. Data that have been audited by an independent auditing company are labelled with .





General Disclosures					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 101: Foundation 2016					
GRI 102: General Disclosures 2016	102-1	Name of the organization	About Tchibo	General	
	102-2	Activities, brands, products, and services	About Tchibo About this report	General	
	102-3	Location of headquarters	About this report	General	
	102-4	Location of operations	Responsible Corporate Governance / International subsidiaries About this report	14. Employee Rights	
	102-5	Ownership and legal form	About Tchibo About this report www.maxingvest.de	General	
	102-6	Markets served	About Tchibo	General	
	102-7	Scale of the organization	About Tchibo www.maxingvest.de	General	

General Disclosures					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 102: General Disclosures 2016	102-8	Information on employees and other workers	<p>Facts & Figures / Key Indicators, see Employees at Tchibo</p> <p>No significant share of the work at Tchibo is done by workers who are not fully employed by Tchibo. During the reporting period, temporary workers accounted for 42% and 47% (average value) of the staff (number of hours worked in relation to the total hours worked by employees) at our distribution centres in Gallin and Neumarkt. The share of temporary workers results from the strong seasonal fluctuation in staff requirements in supply chain management – especially during the holiday/Christmas season. The actions taken in connection with occupational safety apply for Tchibo employees as well as for temporary workers.</p>	General	Principle 6: Labour
	102-9	Supply chain	<p>Value Chain Coffee / Strategy & Management</p> <p>Value Chain Consumer Goods / Strategy & Management</p>	4. Depth of the Value Chain	
	102-10	Significant changes to the organization and its supply chain	There were no significant changes during the reporting year.		
	102-11	Precautionary Principle or approach	Responsible Corporate Governance / Aspiration, Strategy & Management		
	102-12	External initiatives	Facts & Figures / Commitments & Memberships		
	102-13	Membership of associations	Facts & Figures / Commitments & Memberships	19. Political Influence	
	102-14	Statement from senior decision-maker	Responsible Corporate Governance / Statement	1. Strategic Analysis and Action	

General Disclosures					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 102: General Disclosures 2016	102-15	Key impacts, risks, and opportunities	Responsible Corporate Governance / Aspiration, Strategy & Management	2. Materiality	
	102-16	Values, principles, standards, and norms of behavior	Responsible Corporate Governance / Aspiration, Strategy & Management Responsible Corporate Governance / National action plan Responsible Corporate Governance / Compliance		Principle 10: Anti-Corruption
	102-17	Mechanisms for advice and concerns about ethics	Responsible Corporate Governance / National action plan Responsible Corporate Governance / Compliance	20. Conduct that Complies with the Law and Policy	Principle 10: Anti-Corruption
	102-18	Governance structure	Responsible Corporate Governance / Organisation & Management Tchibo Facts and Figures, see www.tchibo.com "About Tchibo" www.maxingvest.de		
	102-40	List of stakeholder groups	Responsible Corporate Governance / Stakeholder Involvement and Materiality	9. Stakeholder Engagement	
	102-41	Collective bargaining agreements	Collective agreements apply for all Tchibo GmbH employees in Germany, except the Managing Directors of Tchibo GmbH.	14. Employee Rights	Principle 3: Labour
	102-42	Identifying and selecting stakeholders	Responsible Corporate Governance / Stakeholder Involvement and Materiality	9. Stakeholder Engagement	
	102-43	Approach to stakeholder engagement	Responsible Corporate Governance / Stakeholder Involvement and Materiality	9. Stakeholder Engagement	
	102-44	Key topics and concerns raised	Responsible Corporate Governance / Stakeholder Involvement and Materiality	9. Stakeholder Engagement	
	102-45	Entities included in the consolidated financial statements	This information is published in the Federal Gazette (Bundesanzeiger). (Also see: www.maxingvest.de)		

General Disclosures					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 102: General Disclosures 2016	102-46	Defining report content and topic Boundary	Responsible Corporate Governance / Stakeholder Involvement and Materiality ✓		
	102-47	List of material topics	Responsible Corporate Governance / Stakeholder Involvement and Materiality ✓	2. Materiality	
	102-48	Restatements of information	Facts & Figures / Indicators		
	102-49	Changes in reporting	No changes.		
	102-50	Reporting period	About this report		
	102-51	Date of most recent report	Tchibo Sustainability Update 2015 Tchibo Sustainability Report 2016		
	102-52	Reporting cycle	About this report		
	102-53	Contact point for questions regarding the report	Contact		
	102-54	Claims of reporting in accordance with the GRI Standards	Facts & Figures / GRI Index		
	102-55	GRI content index	Facts & Figures / GRI Index		
102-56	External assurance	About this report			

Material Topics: Economic Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Economic Performance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	This information is published in the Federal Gazette (Bundesanzeiger). (Also see: www.maxingvest.de)	18. Corporate Citizenship	
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Value Chain Coffee / Strategy & Management  Value Chain Consumer Goods / Strategy & Management 	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Economic Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Indirect Economic Impacts					
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Value Chain Coffee / Tchibo Joint Forces!® Value Chain Coffee / Mainstreaming Sustainable Coffee Production Value Chain Coffee / Education Projects in the Countries of Origin Value Chain Consumer Goods / Sustainable and Transparent Supply Chains Employees at Tchibo / Social Commitment		
Anti-corruption					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	No incidents were reported or detected during the reporting period.	20. Conduct that Complies with the Law and Policy	Principle 10: Anti-Corruption

Material Topics: Economic Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Anti-competitive Behavior					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No incidents were reported or detected during the reporting period.		

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Materials					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Value Chain Consumer Goods / Strategy & Management  Customers & Products / Strategy & Management Environmental Protection / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Materials					
GRI 301: Materials 2016	301-2	Recycled input materials used	<p>In 2017, Tchibo commissioned the production of a dish brush that consists nearly entirely of recycled, relatively eco-friendly polypropylene (PP), the same plastic used for our Cafissimo capsules.</p> <p>In 2017, preparations were also made to offer further hard goods containing recycled plastic, various bundles of recycled polyester and recycled polyamide, including Ocean Plastic, and other recycled assortments for 2018.</p> <p>A breakdown of the materials by percentage is not yet possible at this time, but we are working on further developing this approach.</p> <p>Value Chain Consumer Goods / Sustainable resources and products</p> <p>Customers & Products / Promoting sustainable consumption</p>	11. Usage of Natural Resources	Principle 8: Environment
	301-3	Reclaimed products and their packaging materials	<p>In Germany, the return and recycling of packaging is regulated by law. Tchibo complies with this statutory requirement, licenses all packaging it brings into circulation and thus ensures that 100% of the packaging used can be disposed of by consumers using the Gelbe Säcke (yellow bags), recycling bins or local recycling centres, easily and free of charge.</p> <p>For the disposal of textiles, we have cooperated with the Fair-Wertung e. V. umbrella organization since 2017.</p> <p>Environmental Protection / Recycling</p>		Principle 8: Environment

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Energy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environmental Protection / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Facts & Figures / Key Indicators, Environmental Protection	11. Usage of Natural Resources 12. Resource Management	Principle 7: Environment Principle 8: Environment
Biodiversity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Value Chain Coffee / Strategy & Management 	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	For information, please see the websites of the standards organisations Tchibo cooperates with. Progress Report by Tchibo GmbH 2015/2016 on the Declaration of Leadership for the 'Biodiversity in Good Company' Initiative Value Chain Coffee / Cooperation to promote sustainable cultivation methods	11. Usage of Natural Resources	Principle 8: Environment

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Emissions					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environmental Protection / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Facts & Figures / Indicators, Environmental Protection Environmental Protection / Strategy & Management	13. Climate-Relevant Emissions	Principle 7: Environment Principle 8: Environment
	305-2	Energy indirect (Scope 2) GHG emissions	Facts & Figures / Indicators, Environmental Protection Environmental Protection / Strategy & Management	13. Climate-Relevant Emissions	Principle 7: Environment Principle 8: Environment

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Effluents and Waste					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environmental Protection / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Facts & Figures / Indicators, Environmental Protection	11. Usage of Natural Resources 12. Resource Management	Principle 8: Environment
	306-3	Significant spills	There were no incidents during the reporting period.		Principle 8: Environment
Environmental Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environmental Protection / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	There were no significant breaches of compliance during the reporting period.		Principle 8: Environment

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Value Chain Coffee / Strategy & Management ✓ Value Chain Consumer Goods Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	Facts & Figures / Key Indicators, Consumer Goods Value Chain Coffee / Strategy & Management Value Chain Consumer Goods / Strategy & Management	4. Depth of the Value Chain	Principle 8: Environment

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Employment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Employment					
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Facts & Figures / Key Indicators, Employees at Tchibo		Principle 6: Labour
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	In allocating voluntary benefits, Tchibo does not distinguish between full- and part-time, or fixed-term and permanent employment contracts.	15. Equal Opportunities	
	401-3	Parental leave	Facts & Figures / Key Indicators, Employees at Tchibo	15. Equal Opportunities	Principle 6: Labour
Labor/Management Relations					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Employee codetermination at Tchibo has its basis in the law. The most important body is the works council, which maintains an ongoing, mutually trustful exchange with the company's management – including and especially regarding business decisions about the development and future of the company and of jobs. In accordance with legal requirements, information on significant operational changes must be issued in a timely and comprehensive manner, and they must be subject to negotiation.		Principle 3: Labour

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action	
	103-2	The management approach and its components		2. Materiality	
	103-3	Evaluation of the management approach		3. Objectives 6. Rules and Processes 7. Control	
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	At Tchibo, 100% of the workforce is represented on occupational health and safety committees.		
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Facts & Figures / Key Indicators, Employees at Tchibo	14. Employee Rights 15. Equal Opportunities 16. Qualifications	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Facts & Figures / Key Indicators, Employees at Tchibo (Absence rate, workplace accidents, lost days, fatalities) No occupational diseases at Tchibo Health consultation and medical service available as a consulting and service offer (see Employees at Tchibo / Balance)	16. Qualifications	

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Occupational Health and Safety					
GRI 403: Occupational Health and Safety 2016	403-4	Health and safety topics covered in formal agreements with trade unions	Occupational safety is regulated by law in Germany and is implemented by Tchibo in accordance with the requirements. In addition, company agreements and organisational guidelines on occupational safety issues are developed in cooperation with the works council.	14. Employee Rights 15. Equal Opportunities 16. Qualifications	
Training and Education					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action	
	103-2	The management approach and its components		2. Materiality 3. Objectives 6. Rules and Processes	
	103-3	Evaluation of the management approach		7. Control	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Facts & Figures / Key Indicators, Employees at Tchibo	14. Employee Rights 15. Equal Opportunities 16. Qualifications	Principle 6: Labour
	404-2	Programs for upgrading employee skills and transition assistance programs	Employees at Tchibo / Talent Management	16. Qualifications	
	404-3	Percentage of employees receiving regular performance and career development reviews	All Tchibo employees are entitled to an annual career development discussion. During the reporting period, 61% of all employees completed a voluntary self-assessment, which forms the basis for this joint exploration of development opportunities in the company.		Principle 6: Labour

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Employees at Tchibo / Corporate culture & values Facts & Figures / Key Indicators, Employees at Tchibo	14. Employee Rights 15. Equal Opportunities 16. Qualifications	Principle 6: Labour
	405-2	Ratio of basic salary and remuneration of women to men	Employees at Tchibo / Remuneration, benefits & Tchibo extras Facts & Figures / Key Indicators, Employees at Tchibo	15. Equal Opportunities	
Non-discrimination					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	No cases of discrimination within the company became known during the reporting period.	14. Employee Rights 15. Equal Opportunities 16. Qualifications	Principle 6: Labour

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Freedom of Association and Collective Bargaining					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Value Chain Coffee / Strategy & Management ✓ Value Chain Consumer Goods / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Value Chain Coffee / Strategy & Management Value Chain Consumer Goods / Sustainable and Transparent Supply Chains	17. Human Rights	Principle 3: Labour
Child Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Value Chain Coffee / Strategy & Management ✓ Value Chain Consumer Goods / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Social Performance Indicators				
GRI Standard	Disclosure	Reference and Remarks	DNK Criteria	UN Global Compact
Child Labor				
GRI 408: Child Labor 2016	408-1	<p>Operations and suppliers at significant risk for incidents of child labor</p> <p>With regard to the production of our consumer goods, Item 2 of the SCoC expressly states that Tchibo does not tolerate illegal child labour. All suppliers commit to comply with this requirement when they sign a contract with us. Tchibo uses various instruments to minimise the risk of child labour in the production of consumer goods: we audit factories to check whether there are children working at them. As part of the WE program, WE trainers support the factory management in building reliable management systems that prevent the employment of children. If, in exceptional cases, inadmissible child labour is detected, the children are to be removed from production immediately, placed in schools if they are still subject to compulsory schooling, and unemployed family members employed in their place; or comparable compensatory measures must be taken. Tchibo closely monitors such processes. If the measures are not implemented, the last resort is to terminate the business relationship. For the suppliers and producers of our consumer goods - at the first and second level of our supply chain - child labour is no longer a major problem; Here, the most common form of child labour is the hiring of 15-year-olds in China, who have completed their formal education. Under Chinese law, teens are not allowed to work full-time until the age of 16, which is why these cases are documented as child labour. During the reporting period, there were occasional such incidents, for which we then initiated the process described above.</p> <p>Value Chain Consumer Goods / Sustainable and Transparent Supply Chains</p>	17. Human Rights	Principle 5: Labour

Material Topics: Social Performance Indicators				
GRI Standard	Disclosure	Reference and Remarks	DNK Criteria	UN Global Compact
Child Labor				
GRI 408: Child Labor 2016	408-1	<p>Operations and suppliers at significant risk for incidents of child labor</p>	<p>17. Human Rights</p>	<p>Principle 5: Labour</p>
		<p>Coffee is mainly cultivated in developing and emerging countries. Despite intensive efforts, child labour is still a problem in these territories. The „light form of child labour“ is tolerated by legislators and international development and standards organizations, depending on the children’s age and taking into account the state of development of the countries concerned. Unfortunately, children are repeatedly used for heavy or dangerous work during the time they should be going to school. The abolition of all forms of child labour can only succeed if parents can send their children to school, and if age-appropriate care for their children is available outside school hours. That is why, since 2011, we have been sponsoring educational projects and childcare options for children in various regions of Guatemala.</p> <p>Responsible Corporate Governance / National action plan</p> <p>Value Chain Coffee / Education Projects in the Countries of Origin</p>		

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Forced or Compulsory Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Value Chain Coffee / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components	Value Chain Consumer Goods / Strategy & Management ✓		
	103-3	Evaluation of the management approach			
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<p>With regard to the production of our consumer goods, Item 1 of the SCoC explicitly states that Tchibo does not tolerate forced and compulsory labour. All suppliers commit to comply with this requirement when they sign a contract with us. If we detect cases of forced labour before the contract is awarded, the supplier will not be awarded the contract and is not included in our producer portfolio. Should incidents of forced or compulsory labour become known at existing suppliers, we will work with the management to initiate corrective actions, and take follow-up measures to verify that they have been implemented. If the corrective actions are not implemented, Tchibo will terminate the business relationship.</p> <p>Value Chain Consumer Goods / Strategy & Management</p> <p>Value Chain Consumer Goods / Sustainable and Transparent Supply Chains</p>	17. Human Rights	Principle 4: Labour

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	There were no cases of forced or compulsory labour reported in the green coffee supply chains from which Tchibo sources its coffee. Responsible Corporate Governance / National action plan Value Chain Coffee / Strategy & Management	17. Human Rights	Principle 4: Labour
Rights of Indigenous Peoples					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Value Chain Coffee / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	No such cases came to our attention.		Principle 1: Human Rights
Human Rights Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Responsible Corporate Governance / Aspiration, Strategy & Management Value Chain Consumer Goods / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 412: Human Rights Assessment 2016	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Responsible Corporate Governance / Compliance Value Chain Consumer Goods Integrated in the SCoC (which is signed by 100% of our Consumer Goods suppliers)	17. Human Rights	Principle 2: Human Rights
Local Communities					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Value Chain Coffee / Strategy & Management ✓ Value Chain Consumer Goods / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Value Chain Coffee / Tchibo Joint Forces® Value Chain Coffee / Mainstreaming Sustainable Coffee Production Value Chain Coffee / Education Projects in the Countries of Origin Value Chain Consumer Goods / Sustainable and Transparent Supply Chains	18. Corporate Citizenship	Principle 1: Human Rights

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Supplier Social Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Value Chain Coffee / Strategy & Management Coffee ✓ Value Chain Consumer Goods / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Value Chain Consumer Goods / Sustainable and transparent Supply Chains Before we award orders to new suppliers, they are subjected to an advance evaluation as part of a production site audit. No orders are placed without a positive audit.	17. Human Rights	Principle 2: Human Rights
	414-2	Negative social impacts in the supply chain and actions taken	Value Chain Coffee / Strategy & Management Value Chain Consumer Goods / Strategy & Management Facts & Figures / Key Indicators, Consumer Goods We are currently working on the further development of a KPI tracking system that enables the collection of valid indicators.	17. Human Rights	Principle 2: Human Rights
Public Policy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Public Policy					
GRI 415: Public Policy 2016	415-1	Political contributions	No financial contributions or in-kind contributions were made to political parties or similar institutions during the reporting period.	19. Political Influence	Principle 10: Anti-Corruption
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Customers & Products / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such incidents occurred at Tchibo during the reporting period.		
Marketing and Labeling					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Customers & Products / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Marketing and Labeling					
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Statutory requirements regarding our products (Coffee/Consumer Goods) can be found under https://tchibo.com/servlet/content/311648/-/starteseite-deutsch_en/tchibo-unternehmen_en/qualitaet_en.html		
	417-2	Incidents of non-compliance concerning product and service information and labeling	No such incidents occurred at Tchibo during the reporting period.		
	417-3	Incidents of non-compliance concerning marketing communications	No such incidents occurred at Tchibo during the reporting period.		
Customer Privacy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Customers & Products / Strategy & Management Products	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the period under review, we did not detect any significant data protection violations. There were merely minor violations due to insufficient processing of requests for information and incorrect sending of advertising. These were corrected with awareness-building measures. However, we did not gain knowledge of any data leaks, thefts, or other losses.		

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Socioeconomic Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action	
	103-2	The management approach and its components		2. Materiality	
	103-3	Evaluation of the management approach		3. Objectives 6. Rules and Processes 7. Control	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	During the reporting period, no appreciable penalties or fines were levied.	20. Conduct that Complies with the Law and Policy	

Supplementary indicators for the food processing industry	
Indicator	Links and Comments
FP1 Percentage of purchasing volume purchased from suppliers in accordance with our Purchasing Guidelines	Value Chain Coffee / Sustainable Development Facts & Figures / Key Indicators, see percentage of sustainable coffee
FP2 Percentage of purchasing volume that verifiably complies with reputable, internationally accredited norms for sustainable production, by norm	Value Chain Coffee / Sustainable Development Facts & Figures / Key Indicators, see percentage of sustainable coffee
FP3 Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country	During the reporting period, there were no strikes at Tchibo.

Supplementary indicators for the food processing industry	
Indikator	Verweis und Kommentar
FP4 Type, scope and effectiveness of all programmes and methods (in-kind donations, volunteering, knowledge transfer, mentorships and product development) to promote access to a healthier way of life, prevent chronic diseases, promote access to healthy, nutritious and affordable food, and increase the prosperity of people in need	Value Chain Coffee / Strategy and Management Value Chain Coffee / Education projects in the countries of origin Value Chain Consumer Goods / Strategy and Management Employees at Tchibo / Occupational health management Employees at Tchibo / Corporate Citizenship
FP5 Percentage of the production volume produced at sites certified by an independent institution according to internationally accredited standards for food safety management systems	Consumer & Products / Quality and Security
FP6 Percentage of total revenues from consumer goods with reduced content of saturated fats, hydrogenated fats, sodium and added sugar, by product category	In more than half of the Tchibo Shops with Coffee Bar in Germany, we use low-fat milk (1.5 percent) to prepare the coffee specialities upon the customer's request.
FP7 Percentage of total revenues from consumer goods with extra fibre, vitamins, minerals, phytochemicals and functional nutritional supplements	Tchibo had negligible sales of diet products, nutritional supplements and the like in 2017.
FP8 Guidelines and methods to provide consumers with information about ingredients and nutritional value beyond the statutory requirements	We comply with all statutory information obligations with regard to ingredients. Beyond this, upon request our Shop staff will provide customers with information about the ingredients and nutritional details of the beverages and baked goods we serve.
FP9 Percentage and total number of livestock bred and/or processed, by species and breed	Tchibo does not produce and sell any meat and/or fish products. Accordingly, this indicator is not relevant for us.
FP10 Guidelines and methods regarding physical changes and the use of anaesthetics, by species and breed	See answer FP9
FP11 Percentage and total number of livestock bred and/or processed, by species and breed, by farming method	See answer FP9
FP12 Guidelines and methods regarding treatment with antibiotics, anti-inflammatories and hormones and/or growth-enhancing measures, by species and breed	Apart from noting that the legal requirements have been met, we can make no statement about the feed and/or veterinary medications used at our suppliers' production plants.
FP13 Total number of the incidents of non-compliance with laws and regulations; Compliance with voluntary codes regarding transport, transshipment and slaughter of live terrestrial and aquatic species	See answer FP9

Supplementary Indicators for the textiles, apparel and footwear industry	
Indicator	Links and Comments
AF1 Code of Conduct - Code of conduct content and coverage.	<p>Value Chain Consumer Goods / Sustainable and transparent supply chains</p> <p>Value Chain Consumer Goods / Social aspects of production</p> <p>Social and Environmental Code of Conduct (SCoC)</p> <p>The SCoC is a binding part of the contract in any and every supplier relationship. Tchibo's business partners, their producers and subcontractors are to have this Code on display in all relevant work departments, freely accessible to and for the information of all employees.</p>
AF2 Audit Process - Parties and personnel engaged in code of conduct compliance function.	<p>Facts & Figures / Key Indicators, see 'Internal and external audits'</p> <p>Value Chain Consumer Goods / Sustainable and transparent supply chains</p> <p>Value Chain Consumer Goods / Global challenges: Initiatives to develop system solutions</p>
AF3 Audit Process - Compliance audit process.	<p>Value Chain Consumer Goods / Sustainable and transparent supply chains</p> <p>Value Chain Consumer Goods / Social aspects of production</p> <p>Producers who are not integrated in our supplier WE qualification programme are screened every three years in a social and environmental audit. In the case of defined zero-tolerance violations, corrective action must be taken within four weeks. Other violations must be remedied within five months. Before we award contracts to new suppliers, they are subjected to an advance production site audit. No contracts are awarded without a positive audit.</p>
AF4 Grievance Procedures - Policy and procedures for receiving, investigating, and responding to grievances and complaints.	<p>If a rule violation remains undetected, the employees in the companies also have the option of contacting Tchibo directly. They can anonymously report shortcomings or discrimination via email. There is also the option of talking to the WE trainers or voicing their concerns to a non-governmental organization. We realise that the employee needs a lot of courage and prior knowledge – e.g. about their rights and/ or the communication channels – to contact Tchibo directly. In 2017, Tchibo received five complaints about producers in the Consumer Goods value chain (Bangladesh (2), China, Cambodia, Turkey).</p>

Supplementary Indicators for the textiles, apparel and footwear industry	
Indicator	Links and Comments
AF5 Capacity Building - Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance.	Value Chain Consumer Goods / Sustainable and transparent supply chains
AF6 Business Integration - Policies for supplier selection, management, and termination.	Value Chain Consumer Goods / Sustainable and transparent supply chains Value Chain Consumer Goods / Social aspects of production
AF7 Code of Conduct - Number and location of workplaces covered by code of conduct.	Facts & Figures / Key Indicators see Producers
AF8 Audit Process - Number of audits conducted and percentage of workplaces audited.	Facts & Figures / Key Indicators see Social and environmental audits by type of audit
AF9 Non-compliance findings - Incidents of non-compliance with legal requirements or collective bargaining agreements on wages.	Audits represent a snapshot and often only reveal very visible violations. They therefore provide an incomplete picture. The various types of violations are often interconnected in terms of their substance, so we do not specify infringements by 'type'. Instead, our WE approach pursues a holistic, integrative improvement of social standards at the factories. (Value Chain Consumer Goods / Sustainable and transparent supply chains).
AF10 Non-compliance findings - Incidents of non-compliance with overtime standards.	See answer AF9
AF11 Non-compliance findings - Incidents of non-compliance with standards on pregnancy and maternity rights.	See answer AF9
AF12 Non-compliance findings - Incidents of the use of child labour.	See answer AF9
AF13 Non-compliance findings - Incidents of non-compliance with standards on gender discrimination.	See answer AF9
AF14 Non-compliance findings - Incidents of non-compliance with code of conduct.	Facts & Figures / Key Indicators, see Social and environmental audits by results
AF15 Non-compliance findings - Analysis of data from code compliance audits.	Value Chain Consumer Goods / Strategy and Management
AF16 Remediation - Remediation practices to address non-compliance findings.	Value Chain Consumer Goods / Sustainable and transparent supply chains Value Chain Consumer Goods / Social aspects of production
AF17 Business Integration - Actions to identify and mitigate business practices that affect code compliance.	Value Chain Consumer Goods / Sustainable and transparent supply chains
AF19 Materials - Practices to source safer alternative substances to those on the restricted substances list, including description of associated mgmt. systems.	Value Chain Consumer Goods / Ecological aspects of production

Supplementary Indicators for the textiles, apparel and footwear industry	
Indicator	Links and Comments
AF20 Materials - List of environmentally preferable materials used in apparel and footwear products.	Value Chain Consumer Goods / Sustainable resources and products
AF21 Energy - Amount of energy consumed and percentage of the energy that is from renewable sources.	Facts & Figures / Key Indicators, see 'Electricity obtained from renewable sources'
AF22 Employment - Policy and practices regarding the use of employees with non-permanent and non-fulltime status.	Value Chain Consumer Goods / Sustainable and transparent supply chains The Tchibo SCoC makes no distinction between permanent, temporary and part-time employees.
AF23 Employment - Policy regarding the use of home working.	Value Chain Consumer Goods / Sustainable and transparent supply chains The Tchibo SCoC makes no distinction between homeworkers and other workers. Homeworkers can be integrated into the WE programme as needed, as is the case, for example, at a supplier in Vietnam.
AF24 Employment - Policy on the use and selection of labour brokers, including adherence to relevant ILO Conventions.	Value Chain Consumer Goods / Sustainable and transparent supply chains Facts & Figures / UN Global Compact
AF25 Wages and hours - Policy and practices on wage deductions that are not mandated by law.	Value Chain Consumer Goods / Sustainable and transparent supply chains Value Chain Consumer Goods / Social aspects of production Wage deductions are prohibited as per our SCoC. If and when we encounter them during audits or as part of our WE programme, we demand their remediation.
AF26 Wages and hours - Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime.	Value Chain Consumer Goods / Sustainable and transparent supply chains We mainly address the issue of unreasonable overtime with our WE programme, as audits alone do not bring improvements. One WE workshop deals specifically with the points of working hours, wages, productivity and overtime. In our SCoC the subject working hours is regulated in Item 7.
AF27 Diversity and Equal Opportunity - Policy and actions to protect the pregnancy and maternity rights of women workers.	Value Chain Consumer Goods / Sustainable and transparent supply chains Item 4 in our SCoC draws attention to the particular vulnerability of pregnant employees.
AF28 Employment - Percentage of foreign migrant workers as a portion of total workforce, broken down by region.	This indicator is currently not surveyed due to its negligible relevance. However, given the refugee problem in several parts of the world, we are considering surveying it in future.

Supplementary Indicators for the textiles, apparel and footwear industry	
Indicator	Links and Comments
<p>AF29 Labour/Management Relations - Percentage of workplaces where there is one or more independent trade union(s), broken down by:</p> <ul style="list-style-type: none"> - Workplaces with a collective bargaining agreement - Workplaces without a collective bargaining agreement <p>Also provide information broken down by country.</p>	<p>Value Chain Consumer Goods / Responsible business practices</p> <p>This information has not been systematically surveyed to date; a survey of the producers integrated in the WE programme is planned for 2018.</p>
<p>AF30 Labour/Management Relations - Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by country.</p>	<p>The establishment of management-labour committees is part of the WE programme; a quantitative evaluation is planned for 2018.</p>
<p>AF31 Occupational Health and Safety - Initiatives and programmes to respond to, reduce, and prevent the occurrence of musculoskeletal disorders.</p>	<p>Compared to other occupational health and safety issues such as silicosis or fire protection, risk analysis showed that musculoskeletal disorders are a relatively low priority issue in the supply chain. We therefore have no programmes to address this issue.</p>
<p>AF32 Diversity and Equal Opportunity - Actions to address gender discrimination and to provide opportunities for the advancement of women workers.</p>	<p>Value Chain Consumer Goods / Sustainable and transparent supply chains</p> <p>We primarily address the issue of discrimination as part of a WE workshop. The issue is regulated in Item 3 of our SCoC.</p>
<p>AF33 Community Investment - Priorities in community investment strategy.</p>	<p>Value Chain Consumer Goods / Sustainable resources and products</p>
<p>AF34 Community Investment - Amount of investment in worker communities broken down by location.</p>	<p>In recent years (until 2016), our charitable involvement in the Consumer Goods value chain focused on cotton production. We decide on future activities as part of our strategic developments and programs.</p>

► UN Global Compact

UN Global Compact Communication on Progress (CoP) 2017

Tchibo joined the United Nations Global Compact (UNGC) on 18 November 2009, and thus expressly commits to the ten UNGC principles concerning human rights, labour standards, environmental protection and anti-corruption, and their implementation in its business processes. We advocate a credible and sustainable corporate policy. Our CEO Thomas Linemayr confirms this stance in his foreword to Tchibo GmbH's Sustainability Report 2017.

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

The ten principles are based on:

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

2012 marks the first time that Tchibo is reporting to meet the UNGC Advanced Level, meaning we now go beyond the minimum requirements and provide information on how we comply with the best practices outlined in the 21 'GC Advanced' criteria. The Communication on Progress is based on the Tchibo Sustainability Reports 2014 - 2017. The following table shows our policies and systems, as well as the measures taken and the progress made.



WE SUPPORT

Strategy, governance and engagement		
<p>Criterion 1 Mainstreaming into corporate functions and business units</p>	<p>Policies, systems, measures, and advances</p> <ul style="list-style-type: none"> Responsible corporate governance has been integrated in the business strategy since 2006 2011 formulation of the key strategic objective: 'Tchibo on its way towards a 100% sustainable business' Integrated system of goals comprises key objectives and sub-goals for all fields of action Corporate Responsibility department: Coordination with the departments, review of targets/goals and annual reporting to the CEO and the full board Integrated risk management addresses company risks Sustainably advance the development of the coffee sector through cooperation with all internationally accredited standards organisations, partners and via our own programmes (Tchibo Joint Forces!®). In 2016, we began measuring the effectiveness of Tchibo Joint Forces!® to determine what measures best help the farmers Systemic and structural challenges are effectively addressed in conjunction with other protagonists. Tchibo has been a member of the Global Coffee Platform since 2015 and sits on its steering committee. Signing of a memorandum of understanding with the umbrella trade union IndustriALL to improve salary setting processes in Cambodia and Bangladesh. Tchibo Social and Environmental Code of Conduct (SCoC) applies to all consumer goods suppliers and partners To guard against supply chain risks, social and environmental requirements are integrated in the purchasing processes Qualification of consumer goods producers as part of our WE programme (Worldwide Enhancement of Social Quality) Compliance with the SCoC in the Consumer Goods value chain is reviewed as part of our supplier monitoring 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy & Management</p> <p>Value Chain Coffee / Sustainable development of the coffee value chain</p> <p>Value Chain Consumer Goods / Sustainable development of the consumer goods value chain</p> <p>Value Chain Consumer Goods / Sustainable and transparent supply chains</p> <p>Facts & Figures / Voluntary commitments and memberships</p>
<p>Criterion 2 Value chain implementation</p>		

Human rights		
<p>Principle 1: Support and respect internationally proclaimed human rights</p> <p>Principle 2: No participation in human rights abuses</p>		
<p>Criterion 3 Robust commitments, strategies or policies in the area of human rights</p> <p>Criterion 4 Effective management systems to integrate the human rights principles</p> <p>Criterion 5 Effective monitoring and evaluation systems of human rights integration</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Code of Conduct (CoC) for Tchibo employees and SCoC for consumer goods suppliers and partners are based on the principles of the International Labour Organisation (ILO) • Regular Code of Conduct training for all Tchibo employees • All suppliers receive the Social and Environmental Code of Conduct as part of the contract • Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, Group audit, other audits, and the projects and programmes carried out by Tchibo and its partners • 2018 Signed and published a Declaration of Principles on Respect for Human Rights • Establishment and expansion of socially and environmental compatible coffee cultivation through own programmes, continued and intensified collaboration with all internationally accredited standards organisations, and involvement in initiatives at regional and national level • The framework for socially responsible conduct in the Consumer Goods supply chain is formed by the United Nations Guiding Principles on Business and human rights, as well as the principles of sustainable development based on the 1992 Rio Declaration • As part of our WE programme we support strategic producers in complying with fundamental human rights • The observance of fundamental human rights by our producers is reviewed as part of our supplier monitoring • Joint engagement with employers, unions, policymakers and other trading companies in initiatives that advocate for an industry-wide improvement in the situation of factory workers 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy & Management</p> <p>Responsible Corporate Governance / National action plan</p> <p>Value Chain Coffee / Sustainable development of the coffee value chain</p> <p>Value Chain Coffee / Education projects in the source countries</p> <p>Value Chain Consumer Goods / Sustainable resources and products</p> <p>Value Chain Consumer Goods / Sustainable and transparent supply chains</p> <p>Value Chain Consumer Goods / Global challenge: Initiatives to develop system solutions</p> <p>Facts & Figures / Voluntary commitments and memberships</p>

Labour		
<p>Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4: Eliminate all forms of forced and compulsory labour</p> <p>Principle 5: Eliminate child labour</p> <p>Principle 6: No discrimination in respect of employment and occupation</p>		
<p>Criterion 6 Robust commitments, strategies or policies in the area of labour</p> <p>Criterion 7 Effective management systems to integrate the labour principles</p> <p>Criterion 8 Monitoring and evaluation mechanisms for labour principles integration</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Our Code of Conduct (CoC), based among others on the principles of the International Labour Organisation (ILO), defines the values and mandatory behaviour for the company as a whole as well as for each individual employee and formulates our understanding of fairness, ethical business, culture of diversity, and equal opportunities • Regular Code of Conduct training for all Tchibo employees • Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, group audit, other audits, and the projects and programmes carried out by Tchibo and its partners • 2018 Signed and published a Declaration of Principles on Respect for Human Rights • No cases of discrimination during the reporting period • We give our employees the opportunity to actively shape Tchibo's development via the statutory codetermination bodies (works council and the Supervisory Board) • In Guatemala, creation of alternatives to prevent impermissible child labour by providing education and care to children of migrant workers and harvest workers • The social requirements are based on the core labour standards of the International Labour Organisation (ILO) and the UN Universal Declaration of Human Rights, and refer to the „Base Code“ of the Ethical Trading Initiative (ETI) and the SA8000 standard. The SCoC is mandatory for all our suppliers and business partners. In 2016, we revised and amended the SCoC, taking into consideration our increased environmental requirements and various voluntary commitments. • As part of our WE programme, we support strategic producers in achieving the observance of human rights and the lasting improvement of social and environmental conditions at the production sites • Compliance with social and environmental standards will be reviewed in the course of our supplier-monitoring 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy & Management</p> <p>Responsible Corporate Governance / National action plan</p> <p>Responsible Corporate Governance / Compliance</p> <p>Value Chain Coffee / Education projects in the source countries</p> <p>Value Chain Consumer Goods / Sustainable resources and products</p> <p>Value Chain Consumer Goods / Sustainable and transparent supply chains</p> <p>Value Chain Consumer Goods / Global challenge: Initiatives to develop system solutions</p> <p>Employees at Tchibo / Company culture & values</p>

Labour		
<p>Criterion 6 Robust commitments, strategies or policies in the area of labour</p> <p>Criterion 7 Effective management systems to integrate the labour principles</p> <p>Criterion 8 Monitoring and evaluation mechanisms for labour principles integration</p>	<ul style="list-style-type: none"> • In 2016, Tchibo became the first German trading company to sign an international framework agreement with the global umbrella trade union IndustriALL Global Union. In its ACT initiative, we also work in concert with the umbrella union and other international trading companies to ensure living wages and industry-wide collective bargaining between equal social partners in the global apparel industry. • Tchibo has been a member of the Alliance for Sustainable Textiles since 2014 • Syrian refugees in the Turkish textile industry: SCoC applies for suppliers in Turkey as well – child labour, discrimination and sub-living wages are prohibited; contracts must be translated into Arabic. 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy & Management</p> <p>Responsible Corporate Governance / National action plan</p> <p>Responsible Corporate Governance / Compliance</p> <p>Value Chain Coffee / Education projects in the source countries</p> <p>Value Chain Consumer Goods / Sustainable resources and products</p> <p>Value Chain Consumer Goods / Sustainable and transparent supply chains</p> <p>Value Chain Consumer Goods / Global challenge: Initiatives to develop system solutions</p> <p>Employees at Tchibo / Company culture & values</p>

Environmental protection		
<p>Principle 7: Support a precautionary approach to environmental challenges</p> <p>Principle 8: Undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9: Encourage the development and diffusion of environmentally friendly technologies</p>		
<p>Criterion 9 Robust commitments, strategies or policies in the area of environmental stewardship</p> <p>Criterion 10 Effective management systems to integrate the environmental principles</p> <p>Criterion 11 Effective monitoring and evaluation mechanisms for environmental stewardship</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Environmental experts, coordinated by the Directorate Corporate Responsibility, manage implementation in the departments • Environmental guidelines were added in 2010 to our CoC • We continuously reduce our CO₂ emissions caused by transportation with the “LOTOS” (“Logistics Towards Sustainability”) programme • Supply of energy for all German Tchibo sites with ok-power-certified electricity from renewable sources only • At our roasting plants we operate an energy management system in accordance with ISO 50001. In 2016, the energy management system was successfully recertified in accordance with ISO 50001. • As part of our company-wide fleet strategy, we set annually reduced CO₂ emission limits for newly purchased vehicles. Until 2016, Tchibo received five times the „Green Card for credible environmental awareness“ from the Deutsche Umwelthilfe (DUH), a German environmental organisation. • Our Packaging Strategy, developed in early 2015, sums up measures to reduce packaging-related paper and cardboard consumption • Grievances in connection with environmental protection can be reported via the whistleblowing hotline, works council, legal department, group audit, other audits, and the projects and programmes carried out by Tchibo and its partners • In cooperation with initiatives such as Coffee & Climate we help farmers to adapt to the repercussions of climate change • The Tchibo Social and Environmental Code of Conduct (SCoC) defines mandatory environmental requirements that apply to the production of our entire consumer goods assortment • Since 2014 targeted audits of factories are conducted to ensure compliance with standards 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy & Management</p> <p>Value Chain Coffee / Collaborations to promote sustainable cultivation methods</p> <p>Value Chain Consumer Goods /Sustainable resources and products</p> <p>Value Chain Consumer Goods / Sustainable and transparent supply chains</p> <p>Environmental Protection / Climate protection</p> <p>Environmental Protection / Resource Efficiency</p> <p>Facts & Figures / Voluntary commitments and memberships</p> <p>www.tchibo-sustainability.com Downloads / Detox Progress Report 2017</p>

Environmental protection		
<p>Criterion 9 Robust commitments, strategies or policies in the area of environmental stewardship</p> <p>Criterion 10 Effective management systems to integrate the environmental principles</p> <p>Criterion 11 Effective monitoring and evaluation mechanisms for environmental stewardship</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • As part of our WE programme, we support producers in reducing CO₂ emissions • Tchibo has been a member of the cross-industry initiative Biodiversity in Good Company since 2012 • In 2014 we signed the ambitious Detox Commitment with the aim to exclude hazardous chemicals from the textile supply chain by 2020 • In Germany, no more free plastic bags have been given out since January 2016. To further reduce plastic waste, we give out disposable cups only on express request, and participate in initiatives for the systematic establishment of reusable cups. 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy & Management</p> <p>Value Chain Coffee / Collaborations to promote sustainable cultivation methods</p> <p>Value Chain Consumer Goods / Sustainable resources and products</p> <p>Value Chain Consumer Goods / Sustainable and transparent supply chains</p> <p>Environmental Protection / Climate protection</p> <p>Environmental Protection / Resource Efficiency</p> <p>Facts & Figures / Voluntary commitments and memberships</p>

Anti-corruption

Principle 10: Work against corruption in all its forms, including extortion and bribery.

Criterion 12	Policies, systems and measures	Links
<p>Robust commitments, strategies or policies in the area of anti-corruption</p>	<ul style="list-style-type: none"> • CoC includes a clear prohibition of corruption and granting or accepting advantages • Compliance activities are structured in a Compliance Management System (CMS) based on the Institut der Wirtschaftsprüfer (German Institute of Auditors, IDW) PS 980 standard. The Compliance department develops Group-wide standards and guidelines, facilitates measures and processes in the business divisions, and advises them. • Our managers are regularly trained in the application of our Code of Conduct and are obliged to explain the Code of Conduct to their employees • As part of risk assessment by maxingvest ag's group auditing department, all business units are continually reviewed for risk of corruption • Employees can report (anonymously) misconduct and breaches via the whistleblowing hotline, works council, legal department, group audit, other audits, and the projects and programmes carried out by Tchibo and its partners • Any reports are forwarded to the Compliance Committee under strict confidentiality • In 2014 no incidents were reported or uncovered in connection with corruption 	<p>Responsible Corporate Governance / Aspiration, Strategy & Management</p>
<p>Criterion 13 Effective management systems to integrate the anti-corruption principle</p>		<p>Responsible Corporate Governance / Compliance</p>
<p>Criterion 14 Effective monitoring and evaluation systems for the integration of anti-corruption</p>		

Broader UN goals and issues		
<p>Criterion 15 Core business contributions to UN goals and issues</p> <p>Criterion 16 Strategic social investments and philanthropy</p> <p>Criterion 17 Advocacy and public policy engagement</p> <p>Criterion 18 Partnerships and collective action</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Tchibo joined the UN Global Compact on November 18th, 2009 • To promote sustainable, yield-increasing farming practices, we work with coffee farmers and standards organisations • Tchibo works with the world's largest children's rights organisation Save the Children on educational projects to help ensure better living conditions for coffee farmers and their families in Guatemala and Tanzania • The share of validated and certified green coffee was 26.4% in 2017 • We approach cross-sector collaboration with relevant stakeholders to address and solve structural challenges • Gradual transition to responsibly-sourced resources and materials for our consumer goods. Maintained the proportion of textiles made from and with organic cotton at around 80%. • Offer of GOTS-certified textiles since 2015. • Established separate sponsorship for sustainable cotton projects in 2016: Appachi Eco-Logic project in South India • We support a sustainable development through our membership in national and international initiatives • Commitment to refugee aid under the umbrella of the "Wir zusammen – Integrations-Initiative" (We Together - Integration Initiative) platform through cooperations and corporate volunteering, employment, and needs-based in-kind donations. 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy & Management</p> <p>Responsible Corporate Governance / Stakeholder involvement and materiality</p> <p>Value Chain Coffee / Strategy & management coffee value chain</p> <p>Value Chain Coffee / Education projects in the source countries</p> <p>Value Chain Coffee / Sustainable coffee grades</p> <p>Value Chain Consumer Goods / Sustainable resources and products</p> <p>Employees at Tchibo / Social commitment</p> <p>Facts & Figures / Voluntary commitments and memberships</p>

Corporate sustainability governance and leadership		
<p>Criterion 19 CEO commitment and leadership</p> <p>Criterion 20 Board adoption and supervision</p> <p>Criterion 21 Stakeholder engagement</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Confirmation of the commitment to sustainable business conduct and to the UN Global Compact by Tchibo GmbH CEO Thomas Linemayr in the foreword to the Sustainability Report 2017 • Key strategic objective: 'Tchibo on its way towards a 100% sustainable business' • Integrated system of goals comprises key objectives and sub-goals for all fields of action • The management of Tchibo GmbH regularly and promptly informs the Supervisory Board of all matters relevant to the development of the company, its value, and its risk situation • The company's strategic direction is coordinated with the Supervisory Board • The Directorate of Corporate Responsibility coordinates company-wide and department-specific stakeholder management • To cope with structural challenges in our value chains, we cooperate with partners in the public and private sectors, in science and academe, and in civil society • Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, group audit, other audits, and the projects and programmes carried out by Tchibo and its partners • Alignment of our business activity to economic, ecological and social criteria by involving our stakeholders. In 2017, we again conducted extensive, targeted stakeholder dialogues and stakeholder surveys, which will feed into the further development of our focus topics. 	<p>Links</p> <p>Responsible Corporate Governance / Statement</p> <p>Responsible Corporate Governance / Aspiration, Strategy & Management</p> <p>Responsible Corporate Governance / Compliance</p> <p>Responsible Corporate Governance / Stakeholder involvement and materiality</p> <p>Value Chain Consumer Goods / Strategy & management</p>

Declaration of Conformity to the Sustainability Code

The Sustainability Code (DNK) was adopted in 2011 by the German Council for Sustainable Development (RNE). The DNK seeks to make the sustainability performance of companies more stringently transparent and comparable. For this purpose, the companies can submit a Declaration of Conformity, which is published in the database of the DNK.

Tchibo supports the German Sustainability Code and draws up a Declaration of Conformity every two years. Tchibo GmbH's latest DNK Declaration of Conformity (2016) is posted in the DNK database under <https://datenbank2.deutscher-nachhaltigkeitskodex.de/Profile/CompanyProfile/7286/de/2016/dnk>


Voluntary commitments and memberships





— GRI 102-12; GRI 102-13

Joining forces to facilitate social, ecological and economic progress







Sustainable development on a global scale requires the action of many protagonists along the value chains and beyond. We want to make a significant contribution to this. Our willingness to take responsibility is documented in ambitious voluntary commitments. We participate in initiatives that support us on the way to becoming a 100% sustainable business, and cooperate on specific projects with partners from business, politics, science and academe, and civil society.




Voluntary commitments





Logo	Organisation and purpose	Year of signing
	<p>Accord on Fire and Building Safety in Bangladesh</p> <p>The aim of the Accord is to ensure higher safety standards for employees in the country's textile factories in cooperation with workers' representatives, NGOs and other stakeholders.</p>	<p>2012</p> <p>Voluntary commitment</p> <p>Member of the Advisory Board</p>
	<p>Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e.V. (B.A.U.M.)</p> <p>The non-partisan environmental initiative aims to sensitise companies, institutions, politicians and the public to the problems and opportunities of environmental protection, and issues in sustainable development.</p>	<p>2008</p> <p>Voluntary commitment</p> <p>Member</p>



Logo	Organisation and purpose	Year of signing
	<p>Bündnis für nachhaltige Textilien (Partnership for Sustainable Textiles)</p> <p>Umbrella organisations of trade and industry as well as leading companies in the textile industry are working together with the German federal government and representatives of civil society to draft a joint action plan to promote the implementation of environmental and social standards at all stages of the textile supply chain.</p>	<p>2015</p> <p>Voluntary commitment</p> <p>Member</p>
	<p>United Nations Global Compact (UNGC)</p> <p>The UNGC works with businesses worldwide to create a sustainable and integrated global economy that provides all peoples, communities and markets with lasting benefits. For this purpose, the UNGC has formulated ten universal principles on human rights, labour standards, environmental protection and the fight against corruption. Its aim is to anchor them in business conduct worldwide and to support the United Nations' broader goals.</p>	<p>2009</p> <p>Voluntary commitment</p> <p>Member</p> <p>Tchibo is committed to the ten principles of the UNGC and has published Communications on Progress since it joined. From 2012 onwards, the annual Communication on Progress has been carried out in accordance with the more demanding "GC Advanced" criteria.</p>
	<p>Detox Commitment</p> <p>The environmental organisation Greenpeace launched its DETOX campaign in 2011 to draw attention to the use of hazardous chemicals in textile production. The aim of the DETOX commitment is to prevent their use in all textile production processes by 2020.</p>	<p>2014</p> <p>Voluntary commitment</p>
	<p>Fur Free Retailer Program</p> <p>The Fur Free Retailer Program is an international initiative with the aim of informing consumers about retailers' fur policies. The programme seeks to raise awareness of ethical consumption. It lists retailers who have pledged not to include any fur products in their ranges.</p>	<p>2013</p> <p>Voluntary commitment</p> <p>Member</p> <p>Tchibo has been a fur-free retailer since 2006 and by signing the Fur Free Policy has committed to not carry any fur in its product ranges in future.</p>






Memberships and Cooperation Partners





Logo	Organisation and purpose	Year of joining / Start of the partnership
	<p>Agreement to reduce the consumption of plastic carrier bags (HDE / BMU) The associations and participating companies undertake to make the carrier-bag service they provide to customers more environmentally friendly, and to only distribute plastic carrier bags newly introduced to the market for an appropriate fee.</p>	<p>2016</p> <p>Voluntary commitment</p>
	<p>Foreign Trade Association of the German Retail Trade e.V. (AVE) / amfori AVE represents the interests of direct-import retailers in Germany and Europe in particular. amfori is the corresponding European umbrella association.</p>	<p>2009</p> <p>Member</p>
	<p>berufundfamilie gGmbH The initiative of the charitable Hertie Foundation is committed to family-friendly company personnel policies.</p>	<p>2010 / 2013 / 2016</p> <p>Certified</p>
	<p>Bundesverband E-Commerce und Versandhandel Deutschland e. V. (bevh) (German E-Commerce and Distance Selling Trade Association) The trade association represents the interests of its members (online and mail order companies) vis-à-vis legal and institutional bodies. It also provides updates on the latest developments and trends and promotes a mutual exchange of experience.</p>	<p>1971</p> <p>Member</p>
	<p>Biodiversity in Good Company The initiative is an alliance of companies that jointly advocate the protection of biodiversity – in the interests of business and society.</p>	<p>2012</p> <p>Member</p>
	<p>Bündnis für Verbraucherbildung (Alliance for Consumer Education) The Alliance is a coalition of stakeholders from civil society, business, politics and science initiated and managed by the German Foundation for Consumer Protection (DSV). It was founded to jointly promote consumer and life skills in children, adolescents and adults.</p>	<p>2013</p> <p>Member</p> <p>Tchibo is a member of the Alliance's council and supports its school projects to build consumer awareness.</p>



Logo	Organisation and purpose	Year of joining / Start of the partnership
	<p>Carbon Performance Improvement Initiative (CPI₂)</p> <p>The initiative, supported by the German Federal Environment Agency (UBA) and German Investment and Development Company (DEG), is committed to building a global environmental protection network of manufacturers and brand companies. The aim is to cut several million tonnes of CO₂ emissions per year.</p>	<p>2011</p> <p>Member</p> <p>Tchibo is a founding member and active in the initiative's advisory council.</p>
	<p>Clean Cargo Working Group</p> <p>The Clean Cargo Working Group (CCWG) is a business-to-business leadership initiative involving major brands, cargo carriers, and freight forwarders dedicated to reducing the environmental impacts of global goods transportation and promoting responsible shipping. Today, CCWG tools represent the industry standard for measuring and reporting ocean carriers' environmental performance on carbon dioxide emissions.</p>	<p>2012</p> <p>Member</p>
	<p>Coffee & Climate</p> <p>The development partnership founded by international coffee companies, a green coffee trader and The German Society for International Cooperation (GIZ) is concerned with the adaptation of coffee cultivation to changing climatic conditions. It provides local protagonists with tools and knowledge to identify the risks that climate change poses to coffee cultivation and help to communicate suitable adaptation methods.</p>	<p>2010</p> <p>Member</p> <p>Tchibo is a founding member and sits on the Steering Committee.</p>
	<p>Cotton made in Africa" (CmiA) of the Aid by Trade Foundation</p> <p>The Aid by Trade Foundation works with various partners from business, government, science and civil society to contribute to the alleviation of poverty and environmental protection in developing countries, especially in Africa. The Foundation's CmiA initiative aims to promote an environmentally and socially more responsible and economically sustainable cultivation of cotton in Africa – and thereby improve the living conditions of smallholder farmers and their families.</p>	<p>2007</p> <p>Partner</p> <p>Tchibo is a partner and council member. We support CmiA as a buyer of CmiA cotton and as a partner in educational projects.</p>

Logo	Organisation and purpose	Year of joining / Start of the partnership
	<p>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (German Society for International Cooperation)</p> <p>In addition to supporting the German federal government in achieving its sustainable development goals in international cooperation, the GIZ is also active in international education work.</p>	<p>2008</p> <p>Partner</p> <p>Collaboration on various projects, e.g. the WE (Worldwide Enhancement of Social Quality) [supplier] qualification programme.</p>
	<p>Global Coffee Platform</p> <p>Established in 2015, the Global Coffee unites all key protagonists with the aim of developing a sustainable coffee sector. More than 300 organisations have agreed to work together towards this goal.</p> <p>In March 2016, the 4C Association merged with the Sustainable Coffee Program (SCP) to form the Global Coffee Platform (GCP). The aim of the merger is to pool the strengths of the two organisations in order to achieve a greater impact in developing a sustainable coffee sector.</p>	<p>2016</p> <p>Member</p>
	<p>Deutscher Kaffeeverband e.V. (German Coffee Association)</p> <p>The Deutsche Kaffeeverband e.V. is the German coffee industry's general lobby. It facilitates networking and an exchange of ideas among German coffee industry experts.</p>	<p>1951</p> <p>Member</p>
	<p>Ethical Trading Initiative (ETI)</p> <p>The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe.</p>	<p>2010</p> <p>Member until 3/2018</p> <p>Tchibo is involved in working groups, for example, fire protection and building safety in Bangladesh, as well as freedom of association (unionisation).</p>

Logo	Organisation and purpose	Year of joining / Start of the partnership
	<p>Fairtrade</p> <p>Fairtrade standards ensure the payment of minimum prices and empower coffee farmers to sustainably improve their living and working conditions. The independent Fairtrade label gives consumers the assurance that the labelled products meet international standards for fair trade.</p>	<p>2008</p> <p>Licence holder</p> <p>Tchibo is a member of the Fairtrade Product Advisory Council on Coffee.</p>
	<p>Forest Stewardship Council® (FSC®)</p> <p>The non-profit organisation issues an accredited label for wood and paper products sourced from responsible forestry. Independent institutes check every company along the supply chain for compliance with the strict FSC® standards.</p>	<p>2010</p> <p>Member</p> <p>Tchibo is a member both of FSC® Germany and FSC® International. By selling FSC®-certified products, Tchibo strengthens the demand for wood and paper from forests responsibly managed according to strict guidelines.</p>
	<p>Global Organic Textile Standard (GOTS)</p> <p>The Global Organic Textile Standard ensures the sustainable manufacture of textiles, ranging from the extraction of organically grown natural resources to environmentally and socially responsible manufacturing and transparent labelling.</p>	<p>2014</p> <p>Certified</p> <p>Tchibo has obtained GOTS certification across the entire supply chain. This means Tchibo can sell GOTS-certified products in Germany.</p>
	<p>German Retail Association (HDE e.V.)</p> <p>The HDE is the umbrella organisation that represents the concerns and interests of the entire German retail sector in all locations and for all sizes of company.</p>	<p>1974</p> <p>Member</p> <p>Tchibo is an active member of the Legal, Environmental, Energy and Non Food Committees.</p>

Logo	Organisation and purpose	Year of joining / Start of the partnership
	<p>IndustriALL Global Union</p> <p>The IndustriALL Global Union is an international umbrella union that represents 50 million workers, including those from the garment industry. The focus of the ACT (Action, Collaboration, Transformation) initiative is on ensuring living wages and the right to form trade unions and conduct collective bargaining.</p>	<p>2014</p> <p>Partner</p> <p>We are currently working with the umbrella international textile trade union IndustriALL Global Union and European textile traders to develop a process to jointly assert improvements for workers in the garment industry worldwide. These include living wages and the right to form trade unions and conduct collective bargaining.</p>
	<p>International Coffee Partners (ICP)</p> <p>The industry initiative aims to lastingly improve the living conditions of smallholder farmers based on sustainable farming practices according to the principle of “helping people help themselves”.</p>	<p>2001</p> <p>Member</p> <p>Tchibo is a founding member and a member of the Steering Committee.</p>
	<p>Initiative Pro Recyclingpapier (IPR)</p> <p>This initiative formed by companies across various sectors aims to further promote acceptance of the use of recycled paper with the Blue Angel label, and to lead by example.</p>	<p>2008</p> <p>Member</p>
	<p>Institute for Scientific Information on Coffee (ISIC)</p> <p>The ISIC is a non-profit organisation founded in 1990 with the aim of scientifically researching the topic of coffee enjoyment and health and disseminating its findings.</p>	<p>1998</p> <p>Member</p>
	<p>Bioeconomics Network of Germany's Deutsche Umwelthilfe (environmental aid association)</p> <p>Deutsche Umwelthilfe's Bioeconomics Network facilitates expert discussions between politics, government, civil society and business on the latest issues in bioeconomics.</p>	<p>Member since 5/2018</p> <p>Member</p>

Logo	Organisation and purpose	Year of joining / Start of the partnership
 <p>OC ORGANIC COTTON ACCELERATOR</p>	<p>Organic Cotton Accelerator (OCA) OCA is a multi-stakeholder organization that runs cross-sector projects to drive structural change in the organic cotton sector, both to increase demand for organic cotton and organic cotton products, and to support farmers in growing organic cotton. Measures include ensuring fair purchasing practices, improved access to high-quality organic cotton seed for farmers, and the integrity of processes at all stages of the supply chain.</p>	<p>2016 Partner</p>
	<p>Rainforest Alliance The Rainforest Alliance is an internationally recognised, independent environmental organisation that campaigns for the protection of sensitive ecosystems and promotes sustainable land management. The Rainforest Alliance seal stands for ecologically sound agriculture and socially responsible corporate behaviour, for example, the conservation of resources and the creation of educational opportunities for coffee farmers.</p>	<p>2006 Licence holder</p>
 <p>SAI SOCIAL ACCOUNTABILITY INTERNATIONAL</p>	<p>Social Accountability International (SAI) SAI works to promote compliance with labour and social rights around the world. The social management and certification system developed by SAI with the internationally applicable social standard SA8000 as well as training and verification programs (Corporate Involvement Program - CIP) is designed to support companies in developing and industrialized countries in permanently implementing social standards.</p>	<p>2006 Member until 9/2018</p>
 <p>spc Multimodal Transport Solutions</p>	<p>ShortSeaShipping Inland Waterway Promotion Center (SPC) The ShortSeaShipping Inland Waterway Promotion Center (SPC) is a public-private partnership (PPP) between the German Federal Ministry of Transport and Digital Infrastructure, numerous German federal state ministries, and shipping companies. The SPC advises logistics companies and provides educational and information campaigns about the benefits of an intermodal network between modes of transport.</p>	<p>2015 Member</p>



Logo	Organisation and purpose	Year of joining / Start of the partnership
 <p>The logo features a circular emblem with a green leaf-like shape on the right and the word 'MEMBER' in a blue circle on the left. Below the emblem, it says 'TextileExchange' and 'Creating Material Change'.</p>	<p>Textile Exchange Textile Exchange is a global non-profit organisation that works closely with its members to drive the industry's transformation towards more sustainable fibres, integrity, standards, and responsible supply networks</p>	<p>2008 Member</p>
 <p>The logo consists of a red speech bubble containing the letters 'UTZ' in white. Below the bubble, it reads 'Better farming Better future'.</p>	<p>UTZ Certified UTZ Certified is a programme and label for the sustainable cultivation of coffee, cocoa and tea. UTZ Certified trains coffee farmers in business administration, socially acceptable working conditions, and environmental management. For example, it provides instruction in better farming methods to help them work more successfully while also protecting the environment</p>	<p>2011 Licence holder Tchibo is a member of the UTZ Certified Product Advisory Council Coffee.</p>





Awards & Rankings

Recognition for our commitment

Awards and rankings confirm that we have once again made good progress on the way to becoming a 100% sustainable business. At the same time, we see them as an incentive to continue to work on achieving our sustainability goals.

Awards

Organisation	Award	Description	Year
Stiftung Deutscher Nachhaltigkeitspreis e.V. 	Deutscher Nachhaltigkeitspreis Großunternehmen German Sustainability Award (Large Companies)	The judges of the German Sustainability Award named Tchibo the Most Sustainable Large Company of 2016. The judges commended Tchibo for its pioneering role and its voluntary commitments and efforts in the Consumer Goods sector.	2016
Die Verbraucher Initiative e. V. 	Gold and silver 'Sustainable Retail Company' 2015 medals	In 2015 the Verbraucher Initiative e. V. recognised Tchibo as a sustainable retailer: Tchibo won a 'gold' award in the textiles and footwear category, and 'silver' in food as a sustainable retail company for its commitment to sustainability.	2015
Reader's Digest 	Most Trusted Brand	In the 2015 annual Reader's Digest magazine study Tchibo was once again named the Most Trusted Brand with regard to its commitment to sustainability.	2015
Deutsche Umwelthilfe e. V. 	Green Card for Climate Commitment	In 2016, the German environmental organisation Deutsche Umwelthilfe e.V. awarded Tchibo its fifth consecutive 'Green Card for credible climate awareness' for its resolute fleet policy to reduce greenhouse gases.	2016 (every year since 2012)
B.A.U.M. e. V. 	Environmental Award	The B.A.U.M. (Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e. V.) 'Environmental Award' honours dedicated individuals. Achim Lohrie, Director Corporate Responsibility, Tchibo GmbH, received the 2014 B.A.U.M. 'Environmental Award' in the Large Companies category. In its citation, the jury said: "Achim Lohrie has decisively helped to anchor environmental protection and social responsibility as key elements in Tchibo's business strategy."	2014

Organisation	Award	Description	Year
Die Verbraucher Initiative e. V.	Gold medal for sustainability communications in retail	In 2015 the Verbraucher Initiative e. V. awarded Tchibo a Gold medal for its credible, comprehensive, consumer-friendly and comprehensible sustainability communications.	2013
European Commission 	European CSR Award	In 2013 the European Commission honoured Tchibo at the first presentation of its European CSR Awards. This award combines national CSR awards and highlights the European dimension of corporate responsibility.	2013
German federal government 	CSR Award	In 2013 the German federal government awarded its first CSR Award under the patronage of Federal Labour Minister Ursula von der Leyen. Among the participating companies Tchibo came first in the category of companies with more than 5,000 employees, for the fact that “it already fully aligns its business towards sustainability and social responsibility, and in doing so takes the entire value chain into consideration.”	2013
German Logistics Association (BVL) 	Logistics Sustainability Award	Tchibo's commitment to sustainability and climate protection across the value chain - from resource use to the production of the products and disposal - was awarded with the Sustainability Award for Logistics 2013 by the German Logistics Association (BVL), and its Austrian counterpart.	2013
German Business Ethics Network (DNWE) 	Prize for Corporate Ethics	Every two years, the German Business Ethics Network (DNWE) awards the Business Ethics Award to exemplary initiatives. In 2012, Tchibo won the award for its efforts on the path towards becoming a sustainable business, especially in the area of consumer goods. The award was primarily for our 'WE' program, an innovative approach to asserting socially responsible production in developing countries.	2012
Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ)	Finalist in the 'Family as a Success Factor' company competition	The 'Erfolgsfaktor Familie 2012' ('Family as a Success Factor 2012') company competition, which is sponsored by the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth (BMFSFJ), is awarded to the most family-friendly companies in Germany. Tchibo reached the final with its pilot project for individual working hours at the logistics site in Gallin.	2012

Rankings


Organisation	Award	Description	Year
Fashion Revolution	Fashion Transparency Index	Tchibo ranks 18 th among the world's 150 largest clothing retailers.	2018
WWF, Solidaridad and Pesticide Action Network	Sustainable Cotton Ranking	Tchibo ranks 2 nd among the 75 largest cotton-processing companies worldwide.	2017
Textile Exchange	Organic Cotton Market Report Preferred Fibres and Materials Benchmark 2017	According to the non-profit organisation Textile Exchange's 2015 'Organic Cotton Market Report', Tchibo is the third-largest vendor of organic cotton worldwide. Tchibo is the world's eight fastest in the 'Race to the Top' in the transition from conventional to organic cotton. Since 2008, the company has regularly offered textiles made from/with certified organic cotton. The goal is to obtain 100% of its cotton from sustainable sources. (Value Chain / Sustainable resources and products) Our share of cellulose-based chemical fibres from more sustainable sources earned us 5 th place internationally in the Textile Exchange's 'Preferred Fibres and Materials Benchmark 2017'.	2017
Institut für Wirtschaftsforschung (IÖW) und future	Ranking of Sustainability Reports 2015	Tchibo's Sustainability Report 2014 placed 6 th in the 2015 ranking of sustainability reports.	2016
Serviceplan	Sustainability Image Score	In the Serviceplan agency's 2015 'Sustainability Image Score' (SIS) ranking, Tchibo came 13 th out of 104 companies surveyed, up three places compared to 2014 and 16 compared to 2013. The ranking is based on an online survey of about 8,500 consumers	2015
Wirtschaftswoche	Top employer	In WirtschaftsWoche magazine's 2014 ranking of 'Top Employers', Tchibo was once again voted among the top 40 employers by the target group of under-40s. Its engaged recruiting efforts contributed significantly to the positive perception of the magazine's readers.	2014
World Wide Fund for Nature (WWF)	Wood & Paper company survey	Since 2003, WWF has regularly surveyed large companies regarding the source of their wood products. In, 2012 Tchibo won second place in the 'Mail order retailers' category for its use of certified wood and paper products.	2012


► **Audit certificate**

Independent Auditor's Limited Assurance Report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German PDF version of the Sustainability Report 2017 of Tchibo GmbH. The following text is a translation of the original German Independent Assurance Report.

To Tchibo GmbH, Hamburg

We performed a limited assurance engagement on the disclosures marked with the symbol  in the Sustainability Report of Tchibo GmbH for the reporting period from 1 January 2017 to 31 December 2017 (hereafter "report").

Our engagement exclusively relates to the information marked with the symbol  in the German PDF version of the report. Our engagement did not include any prospective disclosures or disclosures for prior years. The report is published online at

Management's responsibility

The legal representatives of the Company are responsible for the preparation of the report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (hereafter "GRI criteria").


This responsibility includes the selection and application of appropriate methods to prepare the report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a report that is free from material misstatement, whether due to fraud or error.


Auditor's declaration relating to independence and quality control

We are independent from the entity in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].




Auditor's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures marked with the symbol  in the report based on the assurance engagement we have performed.


We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the disclosures marked with the symbol  in the Sustainability Report of the Company for the reporting period from

1 January 2017 to 31 December 2017 have been prepared, in all material respects, in accordance with the GRI criteria. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between April to June 2018, we performed amongst others the following assurance and other procedures:

- Inquiries of employees and inspection of documents concerning the sustainability strategy, sustainability principles and sustainability management of Tchibo GmbH,
- Inquiries of employees responsible for the preparation of disclosures marked with the symbol  in the report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement,
- Inspection of the relevant documentation of the systems and processes for compiling, analyzing and aggregating sustainability data in the reporting period and testing such documentation on a sample of basis,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of sustainability data at the headquarter in Hamburg,
- Analytical measures regarding the quality of the data marked with the symbol ,
- Critical review of the draft report to assess plausibility and consistency with the disclosures marked with the symbol .

Assurance Conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures marked with the symbol  in the Sustainability Report of the Company for the period from 1 January 2017 to 31 December 2017 have not been prepared, in all material respects, in accordance with the relevant GRI criteria.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with Tchibo GmbH. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

Engagement terms and liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (see attachment). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 26 June 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter
Wirtschaftsprüferin
(German Public Auditor)

Annette Johne
Wirtschaftsprüferin
(German Public Auditor)

We Look Forward To Hearing From You

GRI 102-53

Do you have questions or suggestions about corporate responsibility at Tchibo?

Our contacts always have an open ear. You can reach us by email, regular mail or phone. If you have any questions, suggestions or complaints about products, orders or returns, please do not hesitate to contact us directly by sending an email to service@tchibo.de



Nanda Bergstein
Director Corporate Responsibility
Tchibo GmbH
Überseering 18
D-22297 Hamburg

Phone: +49 (0)40 63874859
E-mail: corporateresponsibility@tchibo.de



Monika Focks
Senior Sustainability Manager
(Strategy & Reporting)
Tchibo GmbH
Überseering 18
D-22297 Hamburg

Phone: +49 (0)40 63873566
E-mail: corporateresponsibility@tchibo.de

Imprint

Responsible publisher:

Tchibo GmbH
Corporate Responsibility (CR)

Phone: +49 (0)40 63870
Überseering 18
22297 Hamburg
Germany
Email: corporateresponsibility@tchibo.de

Commercial register: Amtsgericht Hamburg (Hamburg District Court) HRB 43618
VAT number: 811164447

Executive Board:

Thomas Linemayr (CEO), Erwin Hinteregger, Ines von Jagemann,
Dr. Jens Köppen, Carsten Wehrmann

Chairman of the Supervisory Board:

Michael Herz

Director Corporate Responsibility:

Nanda Bergstein

Senior Sustainability Manager (Strategy & Reporting):

Monika Focks

Editor's note:

Wherever the masculine form is used in this report to enhance readability, the female form is of course equally implied.

