



Responsible  
Corporate Governance

Coffee  
value chain

Consumer goods  
value chain

Customers &  
Products

Environmental protection  
in our operations

Employees  
at Tchibo

Facts &  
Figures

Home > Consumer goods value chain > Sustainable development > **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.

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### 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.

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