



Closed Loop Status Update



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1. Closed Loop Status Update

1.1. Aspiration and target

Besides excluding hazardous chemicals, a responsible treatment of resources is a key component of Tchibo's sustainability approach. Tchibo reaffirmed this aspiration by signing the Greenpeace Detox Commitment in 2014. Tchibo is working on material cycles that better protect global resources and enable sustainable consumption - because Tchibo's responsibility for people and nature goes beyond buying products and

selling to customers. Products that the consumer has finished using contain valuable materials that can be re-used for new products. Where possible, products and material cycles must therefore be designed from the outset in such a way that the recyclable materials they contain are used for a long time, and are ideally reused at an equivalent level after the end of the product's life.

The Tchibo Closed Loop programme comprises three action areas:

1. Product range integration: Tchibo has set itself the goal of integrating, by 2020 and across all Tchibo product categories, Closed-Loop approaches that improve resource efficiency. Here, Tchibo is pursuing different approaches depending on the properties of the various products:

- Increase longevity
- Use recycled materials or renewable raw materials from responsible sources
- Ensure recyclability

This means that marketable recyclates can be produced from the products, and that there are ways to recycle the products.

2. Customer inspiration and new business models: Tchibo aims to inspire customers to consume in a resource-conscious manner. This includes exploring new, innovative forms of sustainable consumption.

3. Contribute to improvements in the sector: To implement comprehensive improvements, it is essential to actively involve customers - and other protagonists in the industry. Tchibo therefore relies on stakeholder dialogues and cooperation. To improve the Closed-Loop economy services, in particular its collection and recycling systems. Tchibo made relevant progress in all three areas of activity of the programme in 2017.

1.2. Product range integration

In 2017, specific Closed Loop guidelines were developed with employees from the relevant Product Development, Quality and Purchasing departments for each product group to support the departments in their decisions regarding design, structure, materials and supplementary services.

The Closed Loop product range integration includes using renewable raw materials from responsible sources, using recycled materials, increasing product longevity and ensuring the recyclability of products.

Renewable raw materials from responsible sources:

The high standard of products with responsibly produced cotton, sustainable man-made cellulosebased fibres and wood/cellulose components certified according to the criteria of the Forest Stewardship Council (FSC®) that was achieved in 2016, was largely maintained in 2017 (see Tchibo Sustainability Report 2017, which will be published shortly).

In 2016, the share of responsibly produced cotton⁵ was 80 percent, sustainable manmade cellulose-based fibres⁶ 81 percent and FSC-certified wood and paper 40 percent.

Tchibo launched **products with recycled materials** at the beginning of this year. In producing the range of plastic brushes and cleaning utensils, 100% recycled material was used in the handles of 6 brushes. Other products have been developed for sale in 2018. In addition to hardware products with a high proportion of recycled material, Tchibo will also be selling textile products containing recycled materials for the first time in 2018. These include women's and men's sportswear, outdoor clothing and swimwear. At the same time, transparency in the supply chains of recycled materials is being improved, with a special focus on social and ecological compatibility in obtaining the recycled raw materials.

The longevity of the Tchibo product ranges is ensured by high quality standards and by services for longer product life.



For many products, especially those of a technical nature, Tchibo offers warranties that go beyond statutory requirements and warranty periods. In addition, spare parts, for example for furniture, can be ordered separately to avoid the need to replace entire products. Tchibo offers its customers a repair service for expensive products such as watches or valuable jewellery.

In 2017, an online platform to build customer awareness for long lifecycles and sustainable consumption was set up using the communicative bracket of GUT GEMACHT - WEITER GEDACHT' (WELL MADE - THINKING AHEAD). This extends the existing 'GUT GEMACHT' communication of sustainable products at Tchibo to sustainable consumption after the purchase of products.

At www.tchibo.de/nachhaltiger-konsum, customers will find care and repair instructions, ideas for upcycling and repurposing, as well as information on how to properly return and recycle used products.

The instructions and tips can also be found in the communications of individual product categories, as well as on other communication channels such as blog posts and newsletters.

⁵ Proportion of textiles made of/with 'Organic Cotton', 'Cotton made in Africa' or 'Better Cotton Initiative', 'Appachi ECO-LOGIC Cotton' or 'GOTS' in total volume of textiles

⁶ Proportion of textiles with man-made cellulose fibres (viscose, modal, Tencel or micro modal) produced in cooperation with Lenzing AG from responsible sources and according to more environmentally friendly standards

Recyclability: Since 2016, the Cafissimo and Qbo capsule ranges have been recyclable and licensed for recycling via the dual systems in Germany. In 2017, this standard was maintained, and communicated more intensively.

In addition, a return and recycling option was set up for customers at the Austrian Tchibo shops. Due to legal restrictions, recycling of the capsules as part of the plastic waste collection is currently not possible in Austria.

1.3. Inspiration and new business models for resource-conscious consumption

One important milestone in the area of customer inspiration and new business models was the development of the online offering 'Tchibo Share' for the rental of sustainably produced baby and children's clothing and maternity wear. Since January 2018, customers have been able to rent clothing at www.tchibo-share.de. The offer includes tops, trousers, jackets, rainwear, accessories, caps, scarves and bed linens. Customers can choose from a total of 60 products.

When the items are returned, they are professionally and hygienically processed by the partner company Kilenda and are then available for further rentals as second-hand products. No fragrances are used in the cleaning process in consideration of the babies and children's skin. Detergent doses are handled by computer for ideal control of the detergent quantities. The cleaning process is therefore both skin-friendly and environmentally friendly.



Clothing is shipped using Deutsche Post's climate-neutral GoGreen service. Tchibo Share fulfils the Closed Loop requirement in three respects:

- The clothing is mainly produced from renewable raw materials from responsible sources and in factories that have completed the Tchibo WE programme⁷.
- The rental model enables a longer and more intensive use of the clothing.

- At the end of the longest possible rental cycle, items of clothing that cannot be rented out again are donated to the Deutsche Kleiderstiftung, a member of the FairWertung e.V. umbrella organisation, which recycles clothing according to social and ecological criteria and supports social projects with clothing donations.

⁷ WE (Worldwide Enhancement of Social Quality) qualification programme to improve working conditions at production sites

7.4. Contribution to improvement in the sector

Tchibo works with other organisations and experts to contribute to the further development of the Closed-Loop economy beyond our own supply chains. For instance, instead of establishing its own returns system, Tchibo supports the existing system of donating clothes in collaboration with FairWertung e.V. With more than 120 non-profit member organisations, the association offers used-clothing collection that meets social and ecological criteria (www.fairwertung.de).



Since February 2017, Tchibo and FairWertung e.V. have worked together on improving the collection and recycling of textiles. Tchibo's main task here is to **build customer awareness about the responsible return of used textiles**. On the platform www.tchibo.de/nachhaltiger-konsum customers learn how they can donate used textiles to the FairWertung e.V. member organisations, what happens to the clothing, and which social and ecological standards are adhered to when reusing them. The location search helps users find the nearest used-clothing containers belonging to the member organisations. In addition to this platform, Tchibo uses

other communication channels to inform customers and encourage responsible returns to FairWertung organisations. Examples in 2017 included various articles in the Tchibo blog, social media and newsletters, as well as collaborations with influencers. In addition, a film was developed which shows customers in a simple and playful way how to reuse and return used clothing.

Another way in which Tchibo contributes to improvements in the sector is its commitment to **improved processes for recycling** the materials. The aim is to close the loop by being able to use more recycled materials in new products. In dialogue with recycling companies, research institutions and textile companies, Tchibo is examining ways of further developing textile recycling processes in line with its Closed Loop approach. Approaches to this include automated material recognition of textiles that can no longer be worn, as well as technological developments to improve the quality of fibres in the recycling process.



Publishing Credits

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