



10 Years of Sustainability



Sustainability Report 2015 update



Production
Processing
People
Environment
Education
Recycling



Tchibo - on its way to becoming
a 100 % sustainable business.
Is it worth it?

Yes, it's worth it.
Because we believe that
our future business success
depends on a sustainable
business policy.





ABOUT TCHIBO

Founded in 1949 by Max Herz, Tchibo has been synonymous with freshness and quality in the coffee market for over 65 years. What was originally a coffee mail-order firm has now evolved into an international company with around 12,200 employees that operates in many more business sectors than the traditional selling of coffee. Tchibo combines its roasted-coffee expertise with a range of innovative consumer products and services. Over the years, Tchibo has systematically expanded its range and distribution paths, ensuring worldwide diversity and quality with strong brands.

The Tchibo family business is based on the concept 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 essential processes of our business, the effects on human health and the environment, thus safeguarding our own long-term economic success.

We are convinced that our business must not be at the expense of people and the environment.

ABOUT THIS REPORT

In this Tchibo Sustainability Report 2015, we deliver information about the results of our economic, ecological and social activities to our stakeholders and the interested public.

In 2006, Tchibo set out to become a 100 % sustainable business. After ten years of in-depth commitment, we take stock this year and look back on 10 years of sustainability at Tchibo. At the same time, we show how we plan to continue on this path, and what goals we have set ourselves for the years ahead.

The 2015 update includes important measures, results and key figures from Tchibo GmbH for the 2015 financial year (1 January 2015 to 31 December 2015), and picks up where the Sustainability Report 2014, published in November 2015, left off. The Sustainability Report 2014 was our first report compiled in accordance with the globally recognised GRI G4 guidelines of the Global Reporting Initiative (GRI), and was independently audited for compliance with the ISAE 3000 standard. The full 2014 report is available at www.tchibo-nachhaltigkeit.de.

Tchibo has published a Sustainability Report each year since 2008. Every two years, a complete new report is published. In the in-between years, the company publishes a condensed update. The publication of the complete Tchibo Sustainability Report 2016 is planned for the second half of 2017.

CONTENT

10 YEARS OF SUSTAINABILITY

- About Tchibo. About this Report.
- 6 Foreword by Dr Markus Conrad
- 8 Results 2015
- 10 In Conversation with Joschka Fischer
- 13 Sustainable Development Goals
- 14 Outlook

SUSTAINABILITY REPORT 2015 (UPDATE)

SUSTAINABLE BUSINESS GOVERNANCE

- 16 Aspiration, strategy and governance
Sustainability management
Corporate Governance
Governance
- 20 Stakeholder Management
- 21 Tchibo international

1 COFFEE VALUE CHAIN

- 23 Strategy and management
- 24 Sustainable development of the coffee sector:
Tchibo Joint Forces!® qualification program
Continual increase in the share of
sustainable green coffee grades
Alliances for better conditions
- 30 Education projects in the countries of origin

2 NON FOOD VALUE CHAIN

- 33 Strategy and management
- 34 Putting responsible business practices into action
- 35 Sustainable resources and materials
- 39 Expanding the sustainable supply chain
- 41 Working together for better workplace conditions in
production
- 43 Environmental protection in production
- 44 Education projects in the countries of origin

3 CUSTOMERS AND PRODUCTS

- 47 Strategy and management
- 48 Focussing on customers' wishes
- 51 Quality and safety
- 52 Sustainable consumption

4 ENVIRONMENTAL PROTECTION

- 57 Strategy and management
- 58 Climate protection:
Logistics
Sites and Tchibo Shops
Mobility
- 61 Resource conservation:
Paper
Packaging and waste

5 EMPLOYEES AT TCHIBO

- 65 Strategy and management
- 66 Corporate culture and values
- 66 Talent management
- 69 Balance:
Occupational health management
Work-life balance
- 72 Remuneration, benefits and Tchibo Extras
- 73 Social responsibility

FACTS AND FIGURES

- 74 Indicators
- 83 Commitments, memberships and
cooperation partners

84 CONTACT/PUBLISHING CREDITS & LEGAL NOTICE



TEN YEARS OF SUSTAINABILITY AT TCHIBO

FOREWORD BY DR MARKUS CONRAD

Dear readers,

For more than 65 years, a focus on long-term success and the role model of the honourable Hanseatic merchant have guided Tchibo's conduct as a family-owned business. We consider it our corporate duty to take responsibility for our actions.

During the course of globalisation this commitment has taken on new dimensions: in a world based on the division of labour, we also share responsibility for environmental protection and labour and social conditions in other countries, on other continents, in other jurisdictions.

With this in mind, we set the course for sustainability in 2006, establishing it as an explicit objective of our business strategy. We set out on a path to systematically aligning our business to environmental and social criteria, and have stayed on it ever since.

Setting this course also includes our commitment to the Global Compact of the United Nations, a voluntary alliance of companies and organisations that advocate human rights, fair working conditions and environmental protection around the globe.

Ten years is a good time to take stock of, and to look back briefly at what has been achieved, at what makes us proud, and what few people thought possible, even in our own company. And at the challenges that spur us on and require greater international cooperation.

Our sustainability track record

In 2006, our Tchibo Coffee Service added the first sustainable coffees to its product range. Today - ten years on - nearly 50 % of our entire range is comprised of sustainable raw coffee that has been certified or validated by accredited standards organisations.

DR MARKUS CONRAD
Chairman and Chief
Executive Officer



Also in 2006, in collaboration with the Technical University Hamburg-Harburg and with the support of the Federal Ministry of the Environment, we calculated our first carbon footprint for the emissions generated from our transport of goods and derived optimisation measures (Logistics Towards Sustainability). Since then, we have been able to reduce our annual emissions by about 50% in absolute terms, and by 27 % in relative terms.

In 2007, we teamed up with the Society for International Cooperation (GIZ) to initiate the WE (Worldwide Enhancement of Social Quality) supplier qualification programme - a programme in which our suppliers' management develop solutions together with their factory workers and our buyers

in order to improve local working conditions and environmental protection.

By 2016, we have trained more than 300 suppliers as part of the programme. And today, we cover about 75 % of our consumer goods purchasing volume with the suppliers we have qualified.

We first started to sell cotton products under the quality profile 'organic' from Textile Exchange in 2008. Furthermore, we offered cotton products by the Aid by Trade Foundation's 'Cotton made in Africa'. In the 2015 selling year, nearly 80 % of our textiles contained cotton from certified sustainable sources, making Tchibo the world's third-largest vendor of textiles made from organic cotton.

Challenges

In recent years, we have often blazed the trail as an individual company, and managed to achieve quite a bit in the process. However, in going it alone, we frequently come up against limitations, either financial or political. The Sustainable Development Goals adopted by the United Nations in September 2015 underscore the need for alliances.

And so for several years we have increasingly cooperated with other trading companies and producers, governments, NGOs, and trade unions. For example, we are involved in the German Federal Government's Alliance for Sustainable Textiles, the Global Coffee Platform, and the ACT initiative to enforce living wages in supply chains across the industry.

Time and again, we have added impetus to the process in our role as a pioneer.

In 2012, Tchibo co-developed the Accord on Fire and Building Safety in Bangladesh and was one of the first companies worldwide to sign it.

In 2014, we adopted Greenpeace's ambitious DETOX programme to eliminate hazardous chemicals from the textile supply chain by 2020. At the end of September 2016, Tchibo became the first German company to sign an agreement with IndustriALL to jointly advocate freedom of collective bargaining and living wages with the trade unions.

Our path into the future

For Tchibo as a family-owned company, the sustainability of our business operations is a key goal. We are convinced that the path we have embarked upon a decade ago is the right one. For us, sustainability is also about securing the future of our family business.

I cordially invite you to form your own picture of our activities in the Sustainability Report 2015. We look forward to your suggestions, requests and constructive criticism!

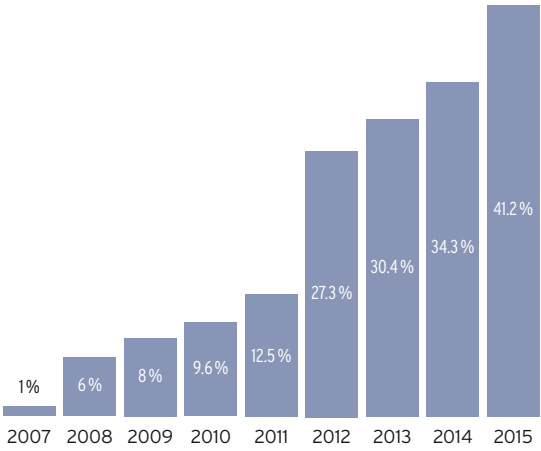
Yours sincerely,
Dr Markus Conrad



RESULTS 2015

KEY INDICATORS AT A GLANCE

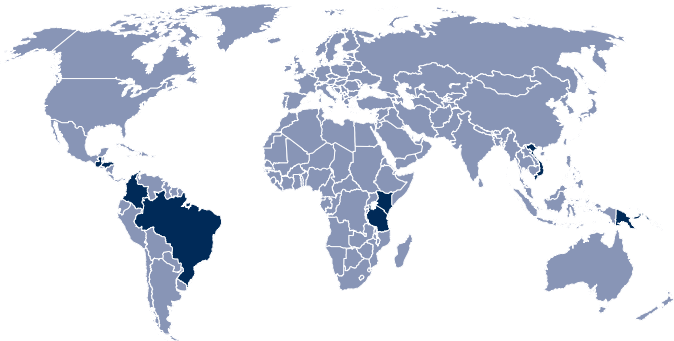
MORE THAN 40 % OF OUR COFFEES
IN 2015 CAME
FROM SUSTAINABLE FARMING*



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

TCHIBO JOINT FORCES
QUALIFICATION PROGRAM®

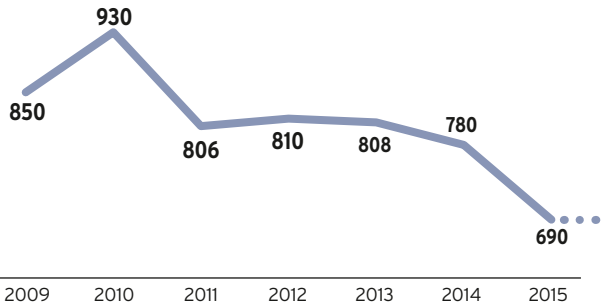
30.000 coffee farmers have participated in the TJF!® qualification program to date.



323 factories have participated
in the WE qualification program.

As a result, we have achieved improvements for approximately
320.000 workers.

SOCIALLY SENSITIVE REDUCTION
IN THE NUMBER OF PRODUCTION SITES
THAT PRODUCE FOR TCHIBO



REDUCTION IN TRANSPORT-RELATED
CO₂eq-EMISSIONS

(vs. reference year 2006)

Average (relative)
CO₂eq-emissions in g/tkm

-27%

Absolute
CO₂eq-emissions in t

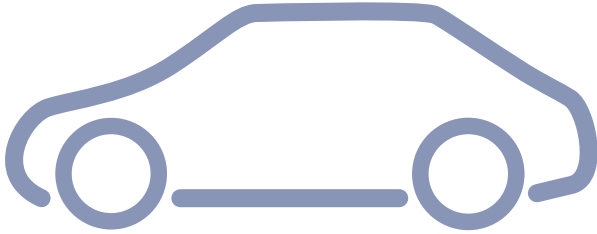
-54%



In 2015 Tchibo was the world's third-largest
vendor of organic cotton.
Approx. 80 %
of our textiles for 2015 were
made from sustainable cotton*

* Organic Cotton, Cotton made in Africa, Better Cotton Initiative, GOTS

Since 2012, we have been awarded the
Deutsche Umwelthilfe (DHU)
'Green Card'
for credible climate awareness four
consecutive times



Reduction in fuel consumed by the Tchibo fleet and
corresponding decline in CO₂-emissions (g/km):
2012: **124** 2013: **120** 2014: **119** 2015: **116** Target for 2020: **95**



BRINGING SUSTAINABILITY OUT OF THE NICHE

DR MARKUS CONRAD AND ACHIM LOHRIE IN DIALOGUE WITH JOSCHKA FISCHER

How much of a priority is sustainability in today's business, politics and society? And how much obligation is enough – and not too much – for sustainability to come out of its niche and have a wider impact? Dr Markus Conrad, Chairman & CEO of Tchibo GmbH, Achim Lohrie, Director Corporate Responsibility at Tchibo; and Joschka Fischer, former German Foreign Secretary and founding partner of the Joschka Fischer & Company consulting firm, discuss these questions.

Dr Markus Conrad: Sustainability in itself is nothing new. Many family-owned businesses have always focused on long-term values and have deliberately taken responsibility for their actions as corporate citizens. However, the scope of what is specifically meant by sustainability has changed very rapidly in recent years. A new consciousness has emerged, and entirely new dimensions as a result of globalisation. Today, companies bear part of the responsibility for social, working and environmental conditions even on other continents and in other jurisdictions.

Joschka Fischer: Companies that think they can ignore sustainability will be overtaken by reality sooner or later. Nowadays, no company can seriously evade questions of

how it treats its suppliers and employees within and beyond domestic borders, and how fair its trading relations are. The public has become more aware, and the information channels are fast. So companies shouldn't make any investment in the future unless it is based on a strong foundation of sustainability. Anything else would be an absurd investment, extremely short-lived and extremely fraught with risk.

Dr Markus Conrad: Yes, sustainability has definitely become a competitive factor. Sustainable conduct is one aspect of differentiation. So sustainability should not only be regarded as a cost component, but also as an investment in quality and as a basis for trust. Customers usually appreciate and honour both.

Achim Lohrie: That is correct. However, we also need to verbalise the connection between quality and sustainability. In understandable and emotional language, to get consumers excited and keep that on board. At Tchibo, our experience with this has been good.

Joschka Fischer: I believe it's a matter of perspective. On the one hand, the focus on price is omnipresent in Germany. On the other hand, over the longer term, we have managed to shift consumer behaviour. Not only retailers, but also social protagonists, government

institutions, the media, and the public have contributed to this. It's clear that changing consumer behaviour is not a sprint, it's a marathon. Of course there will always be people who only look at the price in the end, but there will be enough other people who are also guided by ethical and environmental aspects.

Dr Markus Conrad: The pace of change also depends on the political conditions, of course. This is true for the way companies behave as well as changes in consumer behaviour. Which brings us to the question of what and how much political regulation sustainability requires. Where is voluntary action sufficient, and where can legal requirements have an inhibiting or accelerating effect? As a businessman and merchant I naturally believe in the mechanisms of competition. Nevertheless: competition requires rules. For example, I think it's a good idea to mandate more transparency for companies. The same goes for determining minimum standards and clear prohibitions. Under no circumstances should regulation

prevent innovation and competition for the best solution. It's also important that regulation takes place at an international or at least European level. I tend to be sceptical about solo flights by individual countries. Globalisation and international competition have progressed too far for that.

Joschka Fischer: The main thing in the supply chains is to eliminate blatant injustices and the manifestly irresponsible risks being taken in factories. Fair trading relationships and the associated social standards for producers make a significant contribution to improving social conditions in poorer countries.

>> Regulation must not prevent innovation and competition for the best solution. <<

Dr Markus Conrad



» Any and all tools that help to bring sustainability out of the niche and to advance improvements should be used without prejudice and combined in a useful way. « *Joschka Fischer*

So companies can achieve a positive input here by making investments and setting standards, as various examples show. But for this they need the support of policymakers – here and in the producing countries.

Dr Markus Conrad: Yes, individual companies can help to improve working conditions. The orders they place give them strong leverage. Tchibo has certainly made things happen with the WE Program for the Non Food sector, as well as the Coffee sector. But of course individual companies will encounter their limits, either financially or politically, when national governments represent diverging interests. That is why we are increasingly relying on international cooperation in connection with sustainability.

Achim Lohrie: The framework agreement Tchibo has just signed with the IndustriALL Global Union is a good example of that. The agreement is aimed at a cooperative implementation of social standards at all of our Non Food suppliers worldwide. In particular, this includes the right of the workforce to form trade unions and negotiate collective agreements, as well as a living wage. Beyond this, we are involved in the ACT international initiative for industry-wide wage bargaining between equal social partners, flanked by an improvement in quality standards and responsible purchasing practices.



Joschka Fischer: There are two experiences regarding regulation. Either governments take the lead with a new level of regulation – which is very difficult but has been done in the past – or the market goes ahead, and governments follow by adapting regulation to the circumstances. Here the triggers are the consumers, the manufacturers, the public. So self-regulation is undoubtedly one possible instrument, and very effective when supported by a critical public. However, ensuring that voluntary commitments are implemented requires attentive monitoring. The IndustriALL agreement goes one step further here, as the international confederation of unions is also a kind of supervisory body, which reinforces Tchibo's commitment.

Dr Markus Conrad: In order to have a broad impact, intelligent combinations of voluntary self-commitment and international regulation are probably the best. In any case, however, it requires companies to blaze the trail among the competition. Those, meanwhile, who simply keep going as before should not complain about a loss of trust and political regulation.

Joschka Fischer: The dilemma is that international regulation takes an endlessly long time and usually only reaches the lowest common denominator. Whereas national governments, such as the German government, can make things happen faster, especially if there are already lines of compromise with and within the industry. Basically, I think that this is doable at the European level as well, especially if you manage to bring together the few big players who usually define a market. So while one shouldn't shy away from the effort of seeking international regulation, realistically one shouldn't wait until a distant day. So my conclusion is that any and all instruments that can help to bring sustainability out of the niche and advance improvements should be used without prejudice, and combined in a useful way.



SPOTLIGHT ON SUSTAINABLE DEVELOPMENT GOALS

Sustainability has been integrated into Tchibo GmbH's corporate strategy since 2006. In all of our key business processes, we consider the impact on people and the environment, and thereby safeguard our long-term business success. From the beginning, these efforts have also served to further the United Nations' eight Millennium Development Goals, which in 2015 were supplemented and replaced by the 17 Sustainable Development Goals (SDGs).

The UN Guiding Principles on Business and Human Rights (also known as the Ruggie Principles), the conventions of the International Labour Organisation (ILO) and the principles of sustainable development based on the Rio Declaration of 1992 provide the framework for responsible conduct.

Tchibo contributes to achieving the Sustainable Development Goals through its policies and programmes.

Support for coffee farmers
Introduced in 2012, our Tchibo Joint Forces!® qualification programme supports coffee farmers in the gradual shift from conventional to environmentally and socially acceptable and economically sustainable coffee farming. In cooperation with green coffee exporters and dealers, standards organisations and other NGOs, coffee farmers receive systematic support in the form of training and qualification modules. Our efforts to ensure sustainable product development in Coffee contribute to eleven of the 17 Sustainable Development Goals, including the reduction of poverty and hunger, the promotion of healthcare and equal opportunity, and measures to protect the climate and environment.

WE supplier qualification programme
As part of our WE (Worldwide Enhancement of Social Quality) supplier qualification programme launched in 2007, we work closely and locally with the producers. A moderated dialogue between the owners, management and employees of factories and Tchibo's buying department supports our suppliers in putting extensive social and environmental requirements into action in their own factories and, step by step, at the upstream stages of the supply chain. The programme contributes to eleven of the 17 Sustainable Development Goals. The reduction of inequality is particularly noteworthy.

Multi-stakeholder collaborations
In addition to our own company programmes, we rely on partnerships to address structural challenges across our global value chains, in the spirit of a multi-stakeholder approach. In line with Sustainable Development Goal #17, 'Partnerships for the goals', we develop and participate in initiatives, and collaborate with partners from the private and public sector, academia, and civil society on specific projects.

Transparent sustainability communications
Sustainable development is largely dependent on responsible consumer behaviour, the Sustainable Development Goal #12. Which is why we deliver comprehensive, transparent sustainability information to our customers using all means of communications available to us. Product-related information, in particular the sustainability seals of standards organisations, are found directly on the product packaging. Further information is communicated in our Tchibo shops, Depots (supermarket concessions) and the online shop. More detailed backgrounders on matters of sustainability can be found in the Tchibo Magazine and on the internet. We also advertise on TV and in print media, and are in dialogue with our customers on the various social media channels.



In September 2015, the United Nations adopted 17 global goals for sustainable development. Tchibo GmbH contributes to achieving these development targets through effective measures.

OUTLOOK 2020

Ten years ago Tchibo embarked on a path to become a 100% sustainable business. We have achieved a great deal since then and gained much experience. We have managed to set milestones, advance issues and contribute our expertise. Over the years, however, we have also suffered some setbacks. To this day, there are measures that have remained confined to niches, mostly due to structural conditions. These include issues such as the living wages in the textile sector, the freedom to form trade unions, and transparency in the coffee supply chain. We have learned that there are limits to what we can do as a single trading company in a global context. So where do we go from here?

We draw valuable insights for the further development of our focus on sustainability from our successes as well as our setbacks. In the firm conviction that the path to becoming a 100% sustainable business is indispensable to safeguarding our company's future, we will continue to move ahead on it with full strength. We will continue to take our cue from sustainability guidelines such as the ILO core labour standards and the 'Ruggie Principles'. As a responsible company, we want to continue making significant contributions to sustainable development and the fulfilment of the Sustainable Development Goals.

In doing so, we are increasingly relying on two strategically important instruments: cooperation and innovation. Cooperation, because we can only effectively counter systemic and structural challenges by teaming up with other protagonists. And Innovation, because ground-breaking new

TEN YEARS AGO TCHIBO EMBARKED ON A PATH TO BECOME A 100% SUSTAINABLE BUSINESS. WE HAVE ACHIEVED A GREAT DEAL SINCE THEN AND GAINED MUCH EXPERIENCE. WE HAVE LEARNED THAT THERE ARE LIMITS TO WHAT WE CAN DO AS A SINGLE TRADING COMPANY IN A GLOBAL CONTEXT.

10
YEARS OF TCHIBO SUSTAINABILITY

ideas and measures are needed in response to the depletion of resources, loss of biodiversity, climate change, demographic change and other global challenges. In particular, in the years ahead we will be working intensively on the following:

Coffee sector

Due to its small-scale nature in the countries of origin, the global coffee supply chain is still not entirely transparent. That is why we consider it one of our most important tasks to work with other relevant protagonists from the coffee sector to create more transparency and achieve sustainability at the source. We will therefore continue to expand our Tchibo Joint Forces!® qualification program, which is aimed at coffee farmers and their families. We are currently conducting an impact assessment in Brazil with the non-profit organisation Transfair/Fairtrade. We plan to use the results to fine-tune our qualification program and improve its effectiveness. We also feel that the global environmental and social challenges also require much faster, more profound and broader optimisation measures. In our opinion, working on fulfilling basic requirements like those ensured by the 4C standard and its validation system will no longer be enough in future. For this reason, we will expand our Tchibo Joint Forces!® qualification programme beyond the individualised supply chains to the major regions for growing Arabica and Robusta green coffee. Instead of individualised supply chains, we will cover whole sectors of the local smallholders with a system of stock-taking and interventions, regardless of whether all smallholders in a given sector supply us with green coffee.

To achieve this, we are currently looking for partners from all areas of society, both national and international: coffee farmers, green coffee traders, exporters, government agencies, non-governmental organisations, science and academe, and funding agencies.

We will successively take the financial resources required for this from the purchase surcharges paid for 4C qualities until now. In the years ahead, this reallocation of financial resources will probably lead to a decline in the share of 4C validated green coffee in our sustainable segments. We are sure, however, that the new approach will make an innovative, comparatively quick and effective contribution to the sustainable development of the coffee sector as a whole and of its coffee farmers. This benefits all coffee sector partners.

Non Food value chain

Innovative solutions are also needed in the consumer goods value chain to ensure exacting standards, especially the enforcement of human rights. That is why we are focusing on working with fewer core suppliers, and on long-term business relationships. In addition, since 2008, our WE (Worldwide Enhancement of Social Quality) supplier qualification programme has brought together managers and employees from supplier companies, as well as their representatives, to work together on establishing better working conditions. The framework agreement with the IndustriALL Global Union signed in September 2016 further expands on this approach. We are working together on the enforcement of ILO core labour standards at all our consumer goods suppliers.

WE ARE INCREASINGLY RELYING ON TWO STRATEGICALLY IMPORTANT INSTRUMENTS: COOPERATION AND INNOVATION.

COOPERATION, BECAUSE WE CAN ONLY EFFECTIVELY COUNTER SYSTEMIC AND STRUCTURAL CHALLENGES BY TEAMING UP WITH OTHER PROTAGONISTS.

INNOVATION, BECAUSE GROUND-BREAKING NEW IDEAS AND MEASURES ARE NEEDED IN RESPONSE TO GLOBAL CHALLENGES.

In particular, we seek to strengthen the workers' right to form trade unions and conduct collective bargaining. As part of the ACT cooperation project, we are also taking this route - in partnership with other international trading companies and IndustriALL - at the sector level in selected supplier countries. Fair working conditions can only be ensured long-term basis if employees are free to stand up for their own rights and organise themselves.

Product development: Consumer goods and Cafissimo

Sustainability starts as early as product development - which is why at Tchibo, we are working on innovations that increase resource efficiency by closing material cycles. We have developed the 'Closed Loop Strategy' for this, whereby we will develop more and more products based on recycled materials. In addition, we are focusing our consumer goods range on long-lived products and are working to ensure that the materials used in consumer goods and Cafissimo can be recycled at as high a quality as possible.

Remuneration system

Innovations can only arise in a motivating work environment, and individual talent development requires flexibility. To support this, classification in our new remuneration system will be based on roles and levels. This opens up a variety career paths and makes them transparent. The idea is for all employees to equally receive systematic support in accordance with their individual capabilities. Remuneration will continue to be fair and in line with the market.

DOING BUSINESS RESPONSIBLY

STRATEGY AND MANAGEMENT

➤ Responsible conduct is a top priority for us. It is an expression of our customer focus and thus an element in safeguarding our company's future. That is why we have firmly anchored responsible corporate governance in our corporate strategy. Achim Lohrie, Director Corporate Responsibility

For over 65 years, the 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. On the way towards becoming a 100 % sustainable business, we therefore consider the impact of our business operations on people and the environment. In doing so, we focus on areas where we can make a difference by exerting a direct influence. We want the Tchibo brand to be synonymous with sustainability and be perceived as such by our stakeholders.

Enjoyment and quality are hallmarks of the Tchibo brand. To be able to continue delivering on this claim in the future, we have firmly integrated sustainability in our business strategy, the Tchibo DNA, and our Code of Conduct since 2006. An intact natural environment as the basis and source of high-quality

products, fair cooperation with responsible business partners, passionate employees, and the trust of our customers are essential to the future viability of our business.

With this in mind, our management adopted the following core objective in 2011: Tchibo is on the way to becoming a 100 % sustainable business. We take responsibility for our actions by avoiding negative effects of our business wherever possible or – if this is not possible – reduce them to a minimum. For this reason, we are progressively designing the processes and products in our company and our value chains to be environmentally and socially compatible, with a special focus on the areas where we have the greatest influence.

We encourage the improvement of working conditions in the production of the raw materials we require, and the minimising of any environmental impact. In sourcing sustainable raw coffees, sustainable cotton and sustainable wood and pulp, we cooperate with internationally accredited standards organisations. We also include all relevant external stakeholders in our activities so that together, we can achieve improvements in the value chain.

As a basis for our actions, we have developed a management system with clear responsibilities, one that covers every step in our business operations, from design to purchasing to supply chain management. On the basis of this approach, sustainability opens up opportunities on several levels: by conserving resources and

optimising their use, we protect the environment, secure our business, and save costs. Socially responsible manufacturing benefits the employees at the factories, while also improving the productivity and product quality. Sustainability also strengthens employee loyalty and our customer's trust in us.

Advancing change together

Our commitment serves to establish and enhance the social and environmental standards of our suppliers. But we cannot overcome the structural and political challenges in the supply chains on our own, e.g. the assurance of living wages and the freedom to form trade unions in the Asian procurement markets. This requires a joint effort by all relevant stakeholders from politics, business, nongovernmental organisa-

tions, and trade unions. We therefore support efforts to implement the UN Guiding Principles on Business and Human Rights, for example, through action plans and by participating in cross-sector alliances. These include the Accord on Fire and Building Safety in Bangladesh and the Partnership for Sustainable Textiles in Germany. Voluntary commitments such as our adoption of the DETOX standard also play an important role.

Our priorities in 2015

Coffee value chain	Non Food value chain	Customers and products	Environmental protection at sites and during transport	Employees at Tchibo
<ul style="list-style-type: none">• Sustainable coffee grades• Sustainable development of the coffee sector• Environment and climate• Education projects at the origins	<ul style="list-style-type: none">• Integrative supplier management• Sustainable resources• Environmental protection in production• Education projects at the origins	<ul style="list-style-type: none">• Customer focus• Product quality and safety• Consumer-focused communications	<ul style="list-style-type: none">• Climate protection• Resource conservation	<ul style="list-style-type: none">• Corporate culture and values• Occupational health management• Work-life balance• Talent management

Values-driven action, integration of ethical principles

Our approach relies on long-term value creation in which we combine commercial and ethical skills, and neither people nor the environment are harmed. Corporate governance at Tchibo is conscientious, transparent corporate management and control focused on long-term value creation. This includes fair trade, uncompromi-

sing compliance with the law, monitoring and control of potential risks, and careful handling of the information entrusted to us by staff and customers. These principles are put into action through efficient compliance, privacy and risk management structures and processes.



Dr Markus Conrad, Chairman & CEO, in conversation with Achim Lohrie, Director Corporate Responsibility.



Dialogue at the senior level: Coordinating the focus

The Tchibo GmbH management, Supervisory Board and works council interact closely with one another and with the maxingvest ag Executive Board and Supervisory Board. Respect for stakeholder interests and clear responsibilities play a major role here. The Executive Board 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 strategic business orientation is coordinated with Supervisory Boards, and significant transactions require their approval.

Compliance principles: Ensuring legally compliant behaviour

The guiding principle of our business activity is the Tchibo Code of Conduct (CoC). It is binding for all employees of Tchibo GmbH and the international business units, and governs our dealings with business partners and customers. The CoC is based on the conventions of the International Labour Organisation (ILO) and among other things 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. In addition to the Code of Conduct, the compliance programme is comprised of various policies that regulate cross-sector and cross-company processes via procedural and organisational instructions. They also specify the responsibilities of Group companies, divisions, departments and employees.

We regularly train our managers in the application of our Code of Conduct. Each new employee also 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 CoC is verified in internal audits by the Corporate Audit department. 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. The works council, the Human Resources department, the Legal department, the Directorate of Corporate Responsibility, and the Group Audit department provide other options for reporting grievances.

Tchibo has also been a member of the UN Global Compact since 2009, which means it has committed, among other things, to actively fighting corruption. We continuously conduct anti-corruption training for employees in the relevant departments, such as Procurement and Sales, and report on anti-corruption measures in an annual progress report.

Risk Management: Guarding against risks

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 their potential negative impact on our business objectives. We make a fundamental distinction here between company risks and supply chain risks.

To prevent risks in the area of procurement, we integrate social and environmental requirements in 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 Greenpeace’s DETOX standard into our purchasing and quality processes. Beyond this, we also practice resolute supplier monitoring as part of our risk management.

Data protection management: Strict adherence to the rules

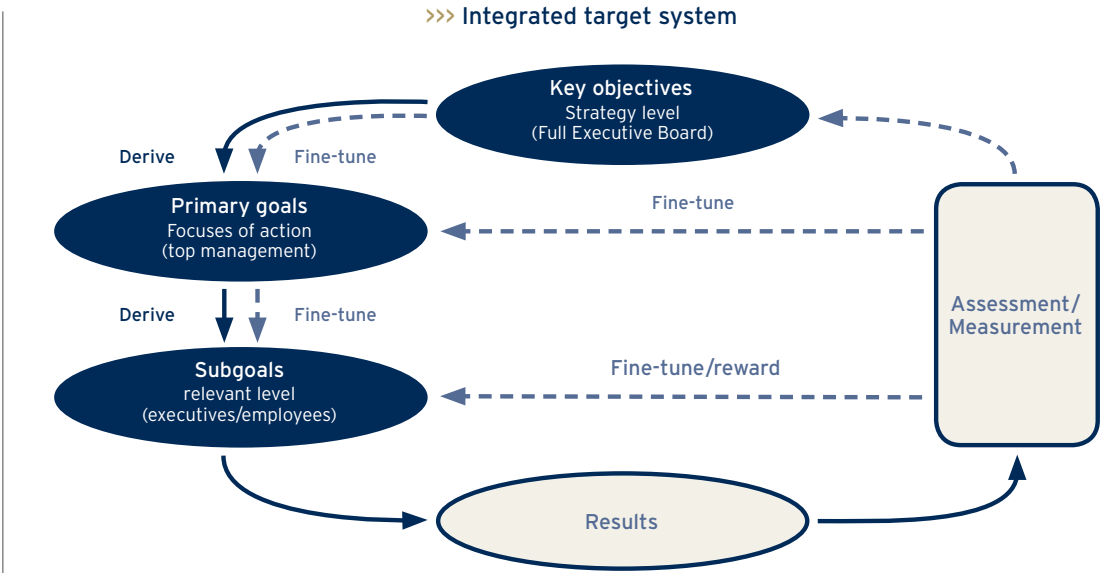
Our comprehensive data protection management guarantees our careful handling of the information entrusted to us by customers and employees. Data minimisation, transparency, and security form the cornerstones here. For instance, we regularly review and optimise our security infrastructure. Our privacy policy posted on tchibo.de gives our customers a quick, transparent overview of how their personal data is processed. To ensure that all employees in the company consistently comply with statutory regulations, as well as those we have defined, we practice comprehensive awareness-building, through training and on our intranet. The Data Protection Office under the direction of the Group Data Protection Officer is responsible for verifying compliance with our privacy policy. Since mid-2009, data protection management, which performs its duties without mandate, has been coupled with the Corporate Responsibility department, ensuring direct access to top management.

Systematically steering and shaping sustainability management

Under our integrated management system, we work throughout the company to implement our strategic key objective “On the way towards becoming a 100 % sustainable business”. In 2006, we established the Corporate Responsibility directorate to centrally anchor control of sustainability activities in our organisation. The Director of Corporate Responsibility reports directly to the Chairman of the Board.

With our core objective in mind, the departments develop individual key goals with the support of the Corporate Responsibility directorate. These relate to the specific tasks of the individual departments and are specified and translated into action in sub-goals. The fixed and variable components of the employee remuneration system are tied to goal achievement.

The Corporate Responsibility directorate checks whether the departments’ sub-goals have been achieved, and reports the results once a year – after consultation with the departments – to the Chairman of the Management Board (CEO). If necessary, the targets for the following business year are adjusted, and new targets are adopted.



Involving stakeholders and developing solutions together

In orienting our business to commercial, environmental and social criteria, it is important for us to involve our internal and external stakeholders. The continuous exchange of ideas

with employees, NGOs, trade unions, government agencies, business partners, customers and other stakeholders allows us to identify expectations, pick up on impetus at an early stage and make progress together. This includes working on structural changes in the supply chains, with the goal of establishing environmental and social standards across the industry. For instance, Tchibo is represented on various committees, participates in round tables, and involves itself in alliances and initiatives, for example in the Partnership for Sustainable Textiles.

In recent years, we have continued to develop our stakeholder management, as part of which we conducted a comprehensive materiality survey among our stakeholders in 2012.

To complement the materiality process, we use our Issues Management as a 'topic radar'. Staff in the Corporate Responsibility directorate and the divisions identify sustainability issues that are relevant for Tchibo at an early stage, and analyse social trends and legislative initiatives. They regularly exchange information with our

market research experts, who also identify and analyse relevant trends. Social developments and legislative initiatives are taken into account in strategic planning, when deriving key

objectives and sub-goals, and in specifying measures. The management is immediately alerted to critical issues such as urgent stakeholder concerns and NGO campaigns.

Implementing sustainability internationally

Our commitment to an increasingly 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 - here the focus is on site-related measures, for example in the areas of environmental protection, employee motivation, and customer

communications. In 2015, Tchibo Prague received the TOP Responsible Company 2015 golden certificate for its efforts, making the international business unit one of the six most sustainable large corporations in the Czech Republic, which were selected from a total of 119 companies.

In order to support the individual companies, Tchibo has 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.



Our international business units not only practice an exchange amongst themselves, but also participate in the public discourse on sustainability in their respective countries. They work with non-governmental and multi-stakeholder initiatives to develop sustainable solutions to economic, social and environmental issues across multiple industries. Simultaneously, the

international business units want to help build public awareness for responsible consumption. They systematically inform people about our sustainable ranges in promotional materials and at the point of sale (POS), and transparently communicate our commitment through their own company websites and social media platforms.

SAFEGUARDING THE FUTURE OF COFFEE CULTIVATION

STRATEGY AND MANAGEMENT

➤ We offer our customers only the best coffees, in Tchibo quality - now and in the future. For this reason, we increasingly buy green coffee that not only meets our taste and sensorial standards but also reflect a consideration of ecological and social aspects. This benefits not only our company, the coffee farmers and nature, but also our customers.

Jan Wagenfeld, Director Quality Coffee

For over 60 years now, we have offered our customers top-quality coffee. To keep meeting this expectation in future, we not only place a premium on flavour and taste. We also work to maintain and continually improve the conditions for the cultivation of high-quality coffees. We partner with coffee farmers and standards organisations to promote sustainable, yield-increasing farming practices. We are also involved in global networks and initiatives and borders, because many systemic challenges in the coffee industry can only be resolved by working together effectively.

For the coffee value chain, we have derived a clear goal from our materiality assessment: in the medium term, we want to offer only coffee qualities whose cultivation complies with economic, ecological and social requirements in equal measure. As we progress towards this goal, we contribute to safeguarding the sustainable livelihoods of coffee farmers and their families - and in this way also ensure the sustainability of our business. That is why we take a comprehensive approach to the sustainable development of the coffee supply chain and the entire coffee sector.

Structural challenges of coffee farming

The producers in the 'coffee belt' along the equator include approximately 25 million coffee farmers. Four-fifths of the world's coffee production comes from smallholders whose farms are often no larger than a couple of hectares. Their resources are often as limited

as their access to knowledge, technology and loans for necessary investments. As a result of poor harvests and poor-quality raw coffee, their yields remain low or even decrease. In the long run, this jeopardises the coffee farmers' livelihoods and thus the sustainability of coffee

1

COFFEE VALUE CHAIN



Jan Wagenfeld, Director Quality Coffee, in conversation with coffee farmers.

production locally. Given these conditions, young people in particular lack incentives to continue growing coffee. Illegal child labour is another challenge that is still associated with coffee cultivation in developing and emerging countries. Furthermore, the climatic conditions are changing and require adjustments in coffee cultivation.

Contributing to the sustainable development of the coffee sector

And so our approach to sustainable development in the coffee sector begins first and foremost with the smallholders and their families. We help them create the necessary conditions for a medium-term transition to sustainable farming practices. In terms of our sustainability strategy, this means:

- Coffee farmers and their families are empowered to cultivate coffee effectively and improve their living conditions through higher yields. Their integration and involvement in production and marketing cooperatives facilitates coffee farmers' access to the market, as well as transfer of knowledge (economic sustainability).
- The coffee farmers safeguard the ecological basis of cultivation such as soil fertility and the water supply. They are equipped with the necessary knowledge to adapt to the repercussions of climate change (environmental sustainability).
- Educational projects in the origin countries are designed to improve social structures and provide alternatives to child labour as well as additional sources of income (social sustainability).

We involve experienced partners in the implementation of our sustainability strategy, because the complex process of transforma-

tion cannot be realised in isolation. Key protagonists include suppliers and producers, overarching networks and initiatives, and international standards organisations.

We follow three strategic approaches:

- Smallholders receive instruction from experienced coaches under our Tchibo Joint Forces!® training programme.
- We source more and more green coffees from coffee farmers who have been validated and certified in accordance with accredited international standards.
- Involvement in cross-sector collaborations and alliances. We have observed that we cannot resolve structural, political and global challenges effectively, efficiently or quickly enough if we take action as a single trading company – even if we involve important partners. Instead, this requires the pooling of all relevant social forces, such as governmental and non-governmental organisations, trade unions, companies with a shared interest in the sustainable transformation of their supply chains, and the academic/scientific sector. Against this background, in 2014 we were involved in initiating the sector-wide 'Vision 2020' process to identify the key issues and create a foundation for collaborative work.

Support for smallholders through Tchibo Joint Forces!®

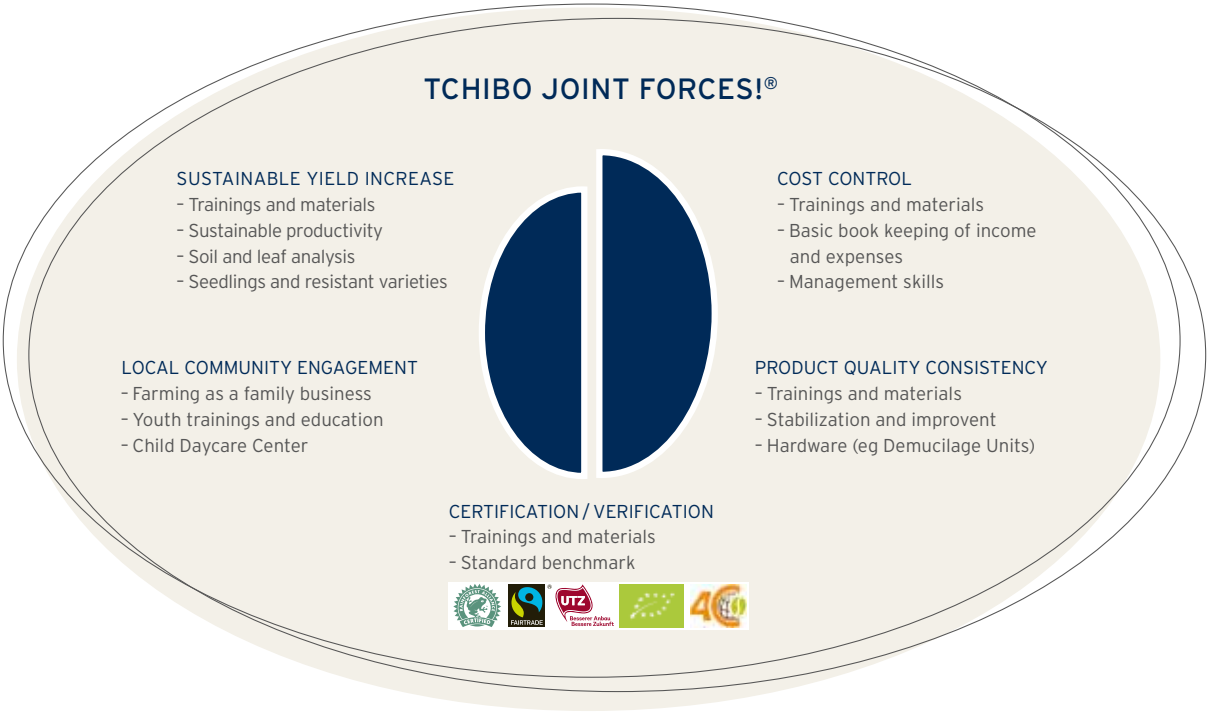
Our Tchibo Joint Forces!® (TJF) qualification programme supports coffee farmers in transitioning step-by-step from conventional to environmentally and socially acceptable, and economically sustainable coffee cultivation. We work with various partners: with green coffee exporters and traders as well as international standards organisations and other NGOs. From early 2012 until the end of 2014, some 30,000 coffee farmers in Honduras, Kenya, Colombia, Papua New Guinea, Tanzania and Vietnam participated in the Tchibo Joint Forces!® programme and in the process became certified in accordance with the requirements of the internationally recognised standards organisations, the Rainforest Alliance, Fairtrade, UTZ Certified, or the 4C Association.

The modular structure of the programme makes it possible to respond to the individual needs of farmers on the ground. The five modules of the training include:

- Good agricultural practices to increase productivity and income
- Teaching the basics of doing business
- Techniques for quality assurance
- Qualification for obtaining a validation and/or certification in accordance with accredited international sustainability standards
- Integration and activation of the families and communities where coffee farmers live. For example, youth programmes & educational measures are offered as needed.

To determine the effectiveness of the Tchibo Joint Forces!® programme, in 2015 we began preparations for carrying out an impact assessment. The aim is to clearly identify which measures best help the farmers. We intend to expand these, and optimise others that do not yet have the desired effect. In 2015 we teamed up with the standards organisation Fairtrade and with a service provider to perform an initial assessment of the newly launched project in the

> In 2015, more than 40 % of the coffees in our assortment came from sustainable cultivation.



➤ Approximately **30,000 coffee farmers** in Central and South America, East Africa and Asia **participated** in training as part of our **Tchibo Joint Forces!®** training programme.



Cornel Kuhrt, Senior Manager Coffee, informing herself locally about progress made on the Tchibo Joint Forces!® training programme.

OUR GOALS

By 2015:

- Continue all ongoing Tchibo Joint Forces!® projects
- Tchibo Joint Forces!® project in Huehuetenango, Guatemala (Rainforest Alliance Certified™)
- Tchibo Joint Forces!® project in Minas Gerais, Brazil (Fairtrade)
- Further development of Tchibo Joint Forces!® : Start integrating optimised effectiveness measurement and transparency in the supply chain

By 2017:

- ⊕ Continue the Tchibo Joint Forces!® project in Huehuetenango, Guatemala (Rainforest Alliance Certified™), and Minas Gerais, Brazil (Fairtrade)

By 2020:

- ⊕ Further develop Tchibo Joint Forces!® by integrating optimised effectiveness measurement in the supply chain

● achieved ● in progress ⊕ new goal

Minas Gerais region in Brazil. The two-year project involves 320 smallholders who receive instruction and training in all five modules. Although we have already gained some insights, a comprehensive evaluation won't be possible until after the project's completion at the end of 2017.

Meanwhile, a new Tchibo Joint Forces!® project was launched in the Huehuetenango region of Guatemala. From 2015 to 2017, 600 farmers are participating in the project, which will end with Rainforest Alliance certification, among other things.

Alliances for better conditions

In addition to cooperating with suppliers, producers, and the international standards organisations, Tchibo is engaged in multi-stakeholder initiatives for better conditions in the producing countries: at regional, national and international levels. Cooperating with other relevant stakeholders from the industry, politics, business, associations, trade unions and the social sector is becoming more and more relevant for us. To be able to take effective action that goes beyond the individual farm requires joining forces in alliances.

Our goal and aspiration in alliances is to help improve the structural and financial conditions for farmers in the producing countries (economic perspective) as well as to support the local communities, especially women and children, with matters of education and opportunities for additional income (social perspective). We are also involved in efforts to safeguard the basic ecological conditions for growing coffee (ecological perspective).

Global Coffee Platform. Vision 2020.

The Vision 2020 process initiated in 2014 has shown that many larger themes in the coffee sector can only be effectively addressed through a shared, global platform of all stakeholders. Based on this insight, in March 2016 the Sustainable Coffee Program (SCP) - a public-private partnership between international coffee roasters and the Netherlands Initiative for Sustainable Trade (IDH) [as the public partner] - joined forces with the 4C Association to form the Global Coffee Platform (GCP), in a move aimed at uniting all major players in the coffee industry in an alliance. By increasing reach, a greater impact can be achieved in developing a sustainable coffee sector. More than 300 organisations have agreed to work with governments in this collaboration. Tchibo is a member of the Global Coffee Platform and sits on the Steering Committee. As a result, we have taken on a leading role in shaping a sustainable coffee sector.

1. A dynamic platform that defines a prioritised agenda for its members, and helps them to get involved based on this, in close coordination with sector-wide strategies such as Vision 2020.
2. A Global Progress Framework to enable the sector to continually assess developments, to improve and report on sustainability commitments.
3. A sector-wide baseline minimum standard to underpin National Sustainability Strategies (NSCs) and act as a global reference in order to reach 100 % of coffee production and more farming communities.

Coffee farmers are the focus of the GCP. The merger will allow for a better coordination of numerous standalone activities in the sector, in order to more effectively combine existing efforts. This will enable more joint activities to be realised on a global and national level. In addition to the organisation's global structure, the establishment of national platforms with national participants is also planned - because they are much better judges of what their country needs in order to advance the sustainable development of the coffee sector. In Brazil,

As an open and inclusive organisation, the GCP will continue to lead the coffee sector towards long-term sustainability by supporting three core functions:

OUR GOAL

Bis 2015:

- Increase the share of green coffee quantities covered by our company sustainability concept from around 35 % in 2014 to 40 %.

Steady increase in the proportion of sustainable green coffee grades

Since 2008, we have been gradually increasing the share of green coffee grades that are validated or certified by internationally recognised standards organisations. In 2015, the share of green coffee covered by the Tchibo sustainability concept in the total green coffee volume for the domestic and international business was 41.2 % compared to 34 % in 2014. Our certified coffees are sourced from coffee farms that are either certified according to the requirements of the Rainforest Alliance, Fairtrade, UTZ Certified or the European Bio (organic) seal, or are validated according to the baseline standards of the 4C Association.

All premium products, such as the Origin varieties of Tchibo Privat coffees and coffees for Tchibo Cafissimo capsules, were converted to 100 % certified coffee grades back in 2012. Tchibo Barista Espresso and Cafe Crema carry the Fairtrade seal.



www.rainforest-alliance.de



www.fairtrade-deutschland.de



www.utz.org/language/landingpage/german



www.oekolandbau.de/bio-siegel/



www.4c-coffeeassociation.org/



www.4c-coffeeassociation.org/

Vietnam and Tanzania, these national approaches have already proven their worth. Furthermore, the sector has defined which challenges prevent sustainable development to date, and what solutions are needed here.

Developed as the basis of the new syndicate, Vision 2020 maps these challenges and solutions. One key objective is to help smallholders

form cooperatives as well as increase their productivity and income. Funding for the necessary adaptations of coffee cultivation to climate change or the modernisation of production is one of the themes in this connection. Illegal child labour is to be avoided and prevented, and local societies to be stabilised by supporting women and children. Another important topic is the preservation of ecosystems and better environmental protection in coffee cultivation. These topics are to be tackled as ‘workstreams’ so that instead of small-scale solutions, large-scale ones are found together.

As a first step, 30 international organisations in the coffee sector – including big-name roasters, exporters, coffee traders, governmental and non-governmental organisations – signed the ‘Vision 2020 Call for Collective Action’, thereby publicly pledging to participate in Vision 2020. An important element for further work on Vision 2020 is the role of the GCP and other signatories in the public-private dialogue initiated. For this purpose, an agreement was concluded with the International Coffee Organisation (ICO), bringing the public sector to the table.

Guatemala, Honduras and El Salvador. 15 projects have been completed since 2001, each with an average project duration of three to

five years. Overall, the members’ ICP-related programmes have reached 40,000 farmers directly and 78,000 indirectly to date.

Global Coffee Platform

Tchibo is a member of the Global Coffee Platform newly established in 2015 and has a seat on the steering committee. We therefore play a formative role in shaping a sustainable coffee sector. As an open and inclusive organisation, the GCP will continue to lead the coffee sector towards long-term sustainability by supporting three core functions:

- 1. A dynamic platform that defines an agenda of priorities for members and supports them to act on it, in close coordination with sector-wide strategies such as Vision 2020
- 2. A Global Progress Framework that enables the sector to continually assess, report on and improve sustainability performance
- 3. An industry-wide baseline (minimum standard) to support and underpin national sustainability strategies and serve as a global reference, in order to reach 100 % of coffee production and more farming communities

Coffee & Climate

Coffee cultivation is directly affected by the repercussions of climate change, so for farmers to maintain or improve the quality and quantity of their income, they have to adapt their farming practices to the changing weather patterns. The Coffee & Climate initiative has supported them in this since 2010. Tchibo is one of its founding members, along with other international coffee companies, a green coffee trader, and the German Society for International Cooperation (GIZ). Active in Brazil, Vietnam, Tanzania and Trifinio, Coffee & Climate provides local protagonists with tools and knowledge to pass on appropriate adaptation methods. Experiences gained with proven farming methods are combined with scientific findings on climate change.

By the end of 2015, some 4,000 farmers had been integrated into the programme and by

2019, more than 70,000 coffee farmers are to benefit from the activities. Since February 2015, the initiative has also provided the extensive ‘Climate Change Adaptation in Coffee Production’ guide on its website. As an external evaluation shows, the cooperation with local protagonists is producing results: yields and qualities were kept stable or even increased despite more and more fluctuations in the weather.

The Coffee & Climate initiative was co-founded by Tchibo in 2010 with the aim of developing instruments to help coffee farmers adapt better to the effects of climate change



coffee & climate
enabling effective response
www.coffeeandclimate.org/

International Coffee Partners

In 2001, Tchibo co-founded the International Coffee Partners (ICP) initiative, an association of leading European roasters and green coffee traders. Based on the principle of helping people to help themselves, the ICP focuses on increasing the competitiveness of smallholders to increase their productivity based on sustainable farming practices, thereby increasing their potential for higher incomes and, thus, better living conditions.

As an ICP member, Tchibo is engaged in projects in Latin America, Africa and Asia. ICP projects are always addressed directly at smallholders, their families and local communities. They involve local and international

development organisations, public authorities, NGOs and producer representatives.

Currently, five projects are running in Brazil, Tanzania, Uganda, Indonesia and Trifinio, a border region in Central America between



The EU Product Environmental Footprints initiative

To limit climate change, greenhouse gas emissions must be reduced in coffee cultivation as elsewhere. The EU initiative for the development of Product Environmental Footprints (PEF) is working with governments and companies to develop a method for governments and companies to assess the overall environmental impact of consumer goods or food items. Since 2014, the European Coffee Federation (ECF) has managed the PEF Initiative's process for coffee in its capacity as the umbrella association of the European coffee industry. In a pilot project lead-managed by the ECF, the coffee sector is testing the feasibility of a Product Environmental Footprints for coffee. As part of the pilot project, it is also looking for ways to communicate the environmental performance

of coffee in a way that consumers can understand. Tchibo supports this multi-stakeholder process to assess the possibility of a Product Environmental Footprint partly because of its high degree of relevance for the entire coffee sector. However, the first intermediate results appear to show that the EU Commission's time requirements cannot be met in this case, because due to the high level of complexity, in particular in the supply chains, no solution has yet been found which is supported by all the coffee sector stakeholders – which include companies and NGOs. For this reason, the sector is currently working on setting up a process independent of EU deadlines, in order to perhaps still achieve a mutually acceptable shared result together.



➤ In the Huehuetenango and Chiquimula regions of Guatemala, more than 2,000 children have been looked after at twelve children's day-care centres to date.

Achim Lohrie (Tchibo) and Katrin Wieland (Save the Children) open a children's day-care centre in Chiquimula, Guatemala.



Capacity building through educational projects in the origin countries

Tchibo is committed to projects based on the principle of helping people to help themselves to achieve better living conditions in the source countries, in particular through educational and vocational programmes for children and young people..

Guatemala: education and childcare offers

In Guatemala we are committed to childcare for migrant workers and pickers. Their 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, frequently crossing the line to impermissible child labour. Tchibo creates alternatives by promoting educational projects and childcare options in various regions of Guatemala.

Together with the Coffee Care Association, we have been active in the Huehuetenango region since 2011. Today, we operate six day-care centres there during the harvest season. In the harvest season 2012/2013 we additionally initiated a pilot project for 10- to 13-year-olds to learn practical skills at 'training seminars'. In 2015, we were able to provide 566 children aged 1-14 with age-appropriate care. Throughout the four-year project period, on average more than 1,300 children participated in the support for at least one year. This shows that

the offers to improve the education, nutrition and health of children were well received by parents.

In 2013, we extended our efforts to the Chiquimula region. Together with the world's largest children's rights organisation, Save the Children, we first opened six day-care centres in twelve municipalities in the Olopa region. During harvest time from November to February, this enabled us to provide age-appropriate care for more than 800 children. Age-appropriate care includes educational programmes and a balanced diet. Girls and boys in the region were additionally tutored in maths and reading during regular school hours. Around 200 teachers were given educational and professional training for this purpose, so that they could make the lessons more practical and conducive to the children's development. They were also provided with school materials. Parents' evenings on children's rights and education were met with great interest, with around 900 parents taking up the offer. The positive development of the project has encouraged us to extend it to another region. More than 1,400 children and 1,900 adults are to be reached in the Jacaltenango region by autumn 2018. So far 800 children have already received support to improve their reading skills and 600 farmers and harvesters have been informed about ways to improve their future income. In addition, we offer workshops on the protection of minors, accompanied by campaigns on the importance of attending school.



Tanzania: improving vocational training opportunities for young people

In June 2015, we have started a new project with Save the Children: Together, we want to improve the educational opportunities of children and teens in our key coffee-growing areas of Tanzania, because many of them leave school at 13 to 15 years old and have hardly any opportunities for beginning an apprenticeship after this. A range of practical and vocational extracurricular activities is designed to motivate 3,000 pupils aged between 7 and 15 years old to attend school regularly and prepare them for a successful transition into the workforce. The parents are also involved through information events. As of now, children can regularly attend and complete primary school at ten project schools in the Mbeya region. In the second year of the project, the number will be expanded to 16 project schools. The aim is to reach more than 3,000 children and teens, and 640 teachers and parents by the time the project ends in November 2017.

As part of a product range promotion, between October 2015 and January 2016 we donated 10 cents to the project for every pound of Tchibo Privat Kaffee sold. We were also able win the 'RTL - Wir helfen Kindern' foundation as a partner. The 'RTL Spendenmarathon' telethon in November 2015 raised 250,000 euros. RTL doubled this sum, bringing the total to EUR 500,000 in donations for the project.

➤ In all, 500,000 euros was donated for the further development of the education project in Tanzania.



Youths in Tanzania benefit from an improved vocational training offer.

OUR GOALS

By 2015:

- Continue the children's day-care centre and teenager project in the Huehuetenango region (Guatemala) at six locations with our partner Coffee Care
- Continue the Guatemala children's project with our project partner Save the Children at an anticipated total of nine child day care centres (CAIs) in the coffee regions of Huehuetenango and Chiquimula
- Establish a new educational project in Tanzania with our project partner, with two main focuses:
 1. Create vocational training options and
 2. Improve the quality of primary schools in the project region of Mbozi

By 2017:

- ⊕ Continue the educational project in Tanzania with the goal of reaching more than 3,000 children and teens as well as 640 teachers and parents by November 2017

By 2018:

- ⊕ Continue the Guatemala children's project with Save the Children in the Huehuetenango and Chiquimula coffee regions, with the goal of reaching more than 1,400 children and 1,900 adults by 2018

2

NON FOOD VALUE CHAIN

FURTHER DEVELOPING SOCIAL AND ECOLOGICAL STANDARDS

STRATEGY AND MANAGEMENT

➤ At first glance, our goal of becoming a 100 % sustainable business seems unattainable - but we believe that global challenges can be met effectively - and only - through innovation and cooperation. In the past 10 years, we have already achieved a great deal: from the integration of sustainable materials in our assortment, to ground-breaking initiatives. Among the latter are the WE supplier qualification programme, the Bangladesh Accord, and the ACT in Living Wages global initiative. We will also do everything within our power to continue on our path to becoming a 100 % sustainable business. Nanda Bergstein, Head of Vendor Relations & Sustainability Non Food

Each week, Tchibo surprises its customers with a new and diverse assortment of goods that are manufactured at our suppliers' production facilities, especially in Asia and Europe. In designing our consumer goods range, we place a priority on high quality at fair prices, as well as compliance with social and environmental standards in the sourcing of raw materials and in production. We take targeted measures to help ensure continuous improvement in local conditions. Because as a company that believes in doing business in a responsible way, we believe that business success must not come at the expense of people and the environment.

Our diverse assortment of consumer goods currently comprises approximately 3,000 products. On top of this, we offer our customers a permanent collection of the 300 most popular products, the "Tchibo Lieblingsstücke" (Tchibo Favourites), in our online shop. We are in the process of further developing this assortment concept: Starting in 2017, we will focus our weekly changing ranges on fewer products while also creating an expanded permanent range in especially popular product categories. It will incorporate the 'Tchibo Lieblingsstücke' and will include underwear, children's fashion, sportswear and kitchenware.

Tchibo consumer goods are manufactured worldwide in our suppliers' facilities. Designing our products' complex value chains in a responsible way is a challenge that we tackle at multiple levels on our way to becoming a 100 % sustainable business. We concentrate on those areas where our business activities have the greatest impact on people and the environment, and where we can make the biggest

Principles for socially and ecological responsible conduct

The UN Guiding Principles on Business and Human Rights (also known as the Ruggie Principles, for the former UN Special Representative, Professor John Ruggie), the conventions of the International Labour Organization (ILO) as well as the principles of sustainable development based on the Rio-declaration of 1992 provide the framework for socially responsible conduct in the Tchibo supply chain. We also involve local stakeholders to develop our approach. Based on this, we have formulated the following clear and binding principles for our work:

- **Dialogue and participation:** When working with our suppliers, we involve both the management (top-down) as well as the employees (bottom-up). Only by involving all interest groups, joint solutions that are acceptable for all parties can be found.

difference. We are gradually increasing the amount of raw materials and materials from responsibly managed sources and continuously work to improve working conditions and environmental conditions at the factories. Structural challenges that we cannot resolve on our own, we tackle with cross-industry coalitions.

- **Setting Targets:** We set ambitious but realistic goals, check the impact of our efforts and continually seek to make improvements.
- **Responsibility in our daily business:** We encourage and empower our operational departments, such as purchasing, quality management or marketing, to proactively and independently implement improvement measures.
- **Openness and willingness to learn:** We do not want to instruct. Rather, we listen and are open to the views of local stakeholders, openly discuss challenges, are self-critical and learn from our mistakes.

With this approach, in 2015 we were once again able to achieve progress in the socially and environmentally responsible design and production of the consumer goods.

Implementing Responsible Business Practices

Sustainability is firmly anchored in the Tchibo company strategy and a core component of all business processes. The Tchibo Social and Environmental Code of Conduct (SCoC), which we developed in cooperation with stakeholders, is the foundation for this. It is the basis for all buying contracts, and obligates our suppliers to comply with social and environmental standards.

Platform for joint solutions: Vendor Days and Change Labs

In 2012, we introduced Vendor Days as a platform for knowledge sharing with our suppliers. In 2015, we further developed it into Change Labs. This format is aimed mainly at jointly dealing with current industry topics. For instance, in 2015 Tchibo employees got together with key suppliers to discuss the process efficiency, product creativity, and the requirements of the Detox Commitment, supply

Developing solutions together: Tchibo Change Labs.



chain transparency, and living wages. This discourse provides inputs and ideas for achieving improvements in the supply chain.

Engaged in industry-wide initiatives

We can only tackle structural challenges in the value chain in collaboration with the relevant stakeholders. That is why we work closely with retailers, producers, governments, trade unions and non-governmental organisations, and are involved in cross-industry alliances, in order to implement global solutions step by step. For example, we collaborate with the international trade union federation Industri-ALL Global Union and other retailers in ACT (Action, Collaboration, Transformation) on Living Wages to advocate for and implement a living wage and collective agreements throughout the clothing industry.

In our collaborations, we put a clear focus on worker participation and representation. For

example, the partnership with local unions is an important part of our work with the "Accord on Fire and Building Safety in Bangladesh". In 2012, Tchibo was the second company worldwide to sign it, and played an important role in its inception and implementation.

Another important alliance is the Partnership for Sustainable Textiles, initiated in 2014 by the Federal Minister for Economic Cooperation and Development. Tchibo and other textile industry majors joined the Partnership in June 2015. The partners are currently designing action plans to advance the implementation of environmental and social standards throughout the entire textile supply chain.

Resources and Products from responsible sources

We are constantly increasing the share of materials from responsibly managed sources that are used in our products. For this purpose, we work together with independent standards organizations and reliable partners. For materials where no recognised certificates or accreditations exist, such as

leather or animal fibres, we advocate the development of new standards and solutions. At the same time, we strive to recycle more and more materials to increase resource efficiency. We have developed a closed-loop strategy for this. At its heart, this strategy is about designing products and material cycles

Involved in industry-wide initiatives for the development of global solutions: Nanda Bergstein (Head of Vendor Relations & Sustainability Non Food)



<http://bangladeshaccord.org/>



In 2012, Tchibo was the second company worldwide to sign the **Accord on Fire and Building Safety in Bangladesh**.

from the start so that the valuable resources they contain can be upcycled or at least recycled after their use. With this value-added cycle in mind, starting in 2017 we will increasingly offer products made from recycled

materials. In addition to developing our product range, we also want to help improve the existing recycling structures. Our goal is to offer our customers a sensible solution for collecting and recycling used textiles.

OUR GOALS

Sustainable resources and products

By 2016/2017:

- 90 % of the cotton articles purchased for the 2016 sales year are sustainable (organic, organic blend, CmiA, Better Cotton Initiative, GOTS)
- 70% of the products containing man-made cellulose fibres (e.g. viscose) purchased for the 2016 sales year are produced according to environmental standards, in cooperation with Lenzing AG
- 60 % of the wood products purchased for the 2016 sales year are certified according to the criteria of the FSC® (Forest Stewardship Council®)
- 100 % of the leather products are chromium-free (chrome-free tanning) by year-end 2016
- Products made from or containing recycled materials are offered for the first time in the 2017 sales year

By 2020:

- Implement the requirements of the Detox commitment
- Environmental protection: The essential materials of the textiles we offer come from responsible sources and meet the criteria of a closed-loop economy

Cotton

In 2015 the share of Tchibo textiles containing accredited or certified cotton from sustainable sources was close to 80 % - a near-doubling compared to 2012. According to the 2014 Organic Cotton Market Report, Tchibo is the fourth-fastest company worldwide to transition from conventional to organic cotton. At the same time, we are the third-largest buyer of organic cotton worldwide. Our goal for the future is, by 2018, to only use cotton from sustainable sources in our clothing and home textiles.

In the field of sustainable cotton, we mainly work with three partners. We are a member of the non-profit organisation Textile

Exchange, which promotes the cultivation and sale of organic cotton worldwide and campaigns for a more sustainable textile industry. To do this, it brings together brands and retailers with manufacturers and raw material suppliers, farmers and major stakeholders. We also support the Aid for Trade Foundation's 'Cotton made in Africa' (CmiA) initiative as purchaser of CmiA cotton and as a partner in education projects. To continuously develop our product assortments in line with our aspirations, in 2014 we were certified according to the Global Organic Textile Standard (GOTS), which covers all processes from extraction of organically grown natural resources, to



environmentally and socially responsible manufacturing - which includes printing and dying - through to transparent labelling. In 2015, we began selling GOTS-certified textiles. That same year, we left the Better Cotton Initiative (BCI), because we will systematically convert our cotton assortments to higher standards by 2018.

Synthetic fibres made from cellulose fibres - Viscose and co.

In the field of cellulose-based synthetic fibres, which we use for clothing and home textiles, we are working with the company Lenzing to increase the share of sustainable cellulosic fibres in our assortment. Lenzing not only supplies wood for fibre production from responsible sources, but also sets high en-

Wood and paper

Many of our products are made of wood and paper. To prove that the wood used comes from legal sources, we apply the 'Forest Tracing System' (FTS), which we developed together with the World Wildlife Fund for Nature (WWF), to all of our products made

In 2015, Tchibo was the **third-largest vendor of organic cotton products worldwide.**

Besides cooperating with international organisations, we also partner with sustainable cotton projects, thereby creating more transparency in the supply chain. One of them is the Appachi Eco-Logic Project in Southern India. Deliberately turning the supply chain 'upside down', we first worked with Appachi Eco-Logic in 2015 starting with the commodity of Appachi Eco-Logic cotton, which is produced in a socially and environmentally sustainable way. For processing it, we organised the entire supply chain with a focus on India. Production is handled by manufacturers from the Tchibo WE supplier qualification programme. We started marketing the first three Appachi Eco-logic products in 2016, and plan to expand the collaboration.



www.textileexchange.org/



www.cottonmadeinafrica.org/de/



www.global-standard.org/de/



www.appachicotton.com/



www.lenzing.com/home.html



Das Zeichen für verantwortungsvolle Waldbirtschaft
www.fsc-deutschland.de/de-de



www.furfreeretailer.com/

> None of our products contain **real fur or angora**.



www.business-and-biodiversity.de/

Animal protection

We take animal protection very seriously. That is why we expressly reject unsustainable conditions of housing, slaughtering and production, and only cooperate with suppliers who exclude such conditions.

For more than nine years, we have not been selling products with real fur. To confirm this, we have been a member of the international “Fur Free Retailer Program” since 2013, an initiative of environmental and animal welfare associations, such as the animal welfare organization VIER PFOTEN. Since the beginning of 2014, we have also decided to not

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 takes little time and guarantees excellent quality characteristics. Virtually, all leather products worldwide are chromium-tanned. However, during this process, chromium-VI compounds which are particularly harmful to the environment and health can be formed and released.

Securing a sustainable basis for raw materials

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 ourselves, among other things, to protecting biodiver-

sity in our environmental management system, defining concrete biodiversity targets, and to gradually implementing them together with our suppliers. offer any products that contain angora, since we cannot permanently ensure and guarantee the proper keeping of angora rabbits. In addition, we regularly review our product range with regard to animal welfare conditions. In 2015, for example, we carried out the self-certification according to the “Responsible Down Standard (RDS)” of Textile Exchange for down and feathers. For our merino products, we exclude mulesing explicitly. To further promote animal welfare, we also support the development of the industry-wide standards for sustainable wool, the „Responsible Wool Standard“ (RWS).

That is why we worked together with our suppliers to apply chromium-free processes without impairing the usability of the leather. More than 90 % of our leather products for the sales year 2015 already fulfilled this condition. Concerning the products made for the 2016 sales year 2016, we strive for 100 % chrome-free tanned leather.

sity in our environmental management system, defining concrete biodiversity targets, and to gradually implementing them together with our suppliers.

Sustainable supply chain

We determine our production countries and sites for our consumer goods strategically: We source particularly relevant product groups from – if possible – at least two production markets to ensure availability. Following strict guidelines, we select factories to ensure sustainability and quality standards. Our success is based on long-term supplier and producer relationships; we agreed to framework agreements with our key suppliers. If we start sourcing from additional countries, we support business partner and set up appropriate programmes.

As part of this sourcing strategy, there are three developments: Bangladesh is still a growing export market for garments. By now, modern factories with professional management structures have been set up in the country. With a direct business relationship – this means without intermediates – we work with few well selected producers. For this, we opened a sourcing office in Dhaka.

For many years, the Turkish company Ayka Textile has been our supplier. Meanwhile, Ayka has established textile production in Ethiopia which we source from. Ayka combines all the production stages of cotton

Expanding long-term supplier relationships

We regard long-term business relationships with strategic partners as a decisive lever for improving conditions in the factories and increasing transparency in the supply chain. Therefore, in recent years we have, in a socially responsible way, reduced the number of factories that produce for us by 700.

processing through to the finished product under one roof. In 2011, we started the WE Programme at Ayka which we will continue in the future.

Around 50 % of our consumer goods assortment is produced in China, where we work with long-term and efficient partners. However, this cooperation is now no longer limited to production sites in China, because in order to stay competitive, Chinese companies are increasingly investing in the clothing industry in other Asian countries, e.g. Myanmar. When we produce in Myanmar, we build on existing supplier relationships and work with longstanding partners who share our approach and are committed to socially and environmentally responsible production.

As part of our WE (Worldwide Enhancement of Social Quality) qualification programme, we work closely with producers on the ground. We developed WE in collaboration with the GIZ (German Society for International Cooperation) in 2007. WE supports producers to comply with human rights in



> **Socially responsible reduction** of the number of production plants that work for us, to under 700.

➤ Since 2007, the **Tchibo supplier qualification programme** has been established in nine countries: Ethiopia, Bangladesh, China, India, Cambodia, Laos, Thailand, Turkey and Vietnam.



www.tchibo.de/-c400059065.html



www.giz.de/de/html/index.html

their factories and to gradually improve working conditions. By training employees and managers and establishing dialogue structures, we put them in a position to develop the necessary solutions themselves. This approach has had a visible impact: Thanks to WE, occupational health and safety have been improved, wages increased and better social benefits such as accommodation, canteen and opportunities for recreational activities were introduced. In its 2015 CRI Corporate Responsibility Index, the Bertelsmann Stiftung recognised the WE qualification programme as a 'Best Practice Example' for the integration of CR into the consumer goods supply chain.

Tchibo employees and WE programme participants in dialogue.



➤ **323 factories** have **participated** in the **WE programme** since 2007, enabling improvements for their 320.000 employees.



By the end of 2015, 323 producers from nine countries (Bangladesh, China, India, Cambodia, Laos, Thailand, Turkey and Vietnam) had participated in training courses as part of WE or completed the programme. As a result, we have reached around 320,000 people in factories – managers as well as workers. 218 of these 323 producers produced goods for Tchibo in 2015. 75 % of our purchasing volume of consumer goods is already manufactured by producers who are currently participating or have successfully completed the training programme. In Pakistan we have not established our own WE project structures; here, Tchibo suppliers participate in an participatory programme run by the GIZ. We are currently revising the WE programme based on our many years of experience with it to date. The aim is to more individually tailor the programme to the respective production countries and further increase its effectiveness.

OUR GOALS

WE programme at-risk markets/coverage

By 2015:

- 80 % of the products or purchasing volume in at-risk markets to be covered by WE producers in future

By 2020:

- ⊕ 80 % of Non Food products to be sourced from WE producers

Auditing factories

We have been auditing new suppliers and producers according to the requirements of the Tchibo Social and Environmental Code of Conduct (SCoC) since 2014. Only if factories pass the audit, we accept them into our supplier portfolio. We either audit existing suppliers that have not previously participated in the WE programme every three years ourselves, or have them audited by external service providers. And although our producer monitoring has been well established, we continue to further develop it. For example, since the introduction of the minimum wage in Germany in early 2015 we have issued clear demands to our suppliers and producers in Germany, and carried out some audits to monitor the minimum wage implementation in Germany.

Together for better working conditions in production

We cannot tackle structural challenges such as living wages and the right to freedom of association at the factory level alone. That is why we have joined forces with employers,

trade unions, policymakers, and other trading companies in initiatives that work towards industry-wide improvement of factory workers.

**Transparent supply chain:
Our cooperation with Ayka Textile**

Textile supply chains are very complex: many manufacturing steps are required from field to finished garment, and most of them take place in different places. Creating transparency regarding the individual steps in the supply chain is therefore a major challenge. At the same time, it is the first step towards more responsibility and engagement on the ground – and thus towards the lasting improvement of the supply chain. Only if we know about the working and living conditions in production can we implement the necessary improvements, together with the employees and management. And so our goal is clear: we want to keep our supply chains as transparent as possible, thereby assuming responsibility for the origins of our textile collection.

In Ethiopia, we cooperate with the historic Turkish 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 in one place: from spinning the yarn to knitting, dyeing, cutting and finishing the fabrics, through to sewing the textiles, quality control, and finally packaging. Around 7,000 employees work at Ayka Textile in Addis Ababa. We have been involved locally here with the WE programme since 2011. As a result of the programme, some unskilled employees have even been promoted to senior positions within a few years at Ayka Textile - this opportunity is not a matter of course, especially for young women.



ACT: Alliance for living wages

Our understanding of fair wages is based on the criteria of the International Labour Organisation (ILO). Regarding living wages, we take the Asia Floor Wage as a basis, which is supported by trade unions and labour rights organisations from Asia. We feel it should serve as a benchmark in local collective bargaining. On this basis and as a member of the ACT (Action, Collaboration, Transformation) initiative, we advocate industry-wide wage bargaining between social partners on an equal footing.

The initiative aims to achieve living wages – regardless of the factory, manufacturer and brand. In 2015 we signed a memorandum of understanding to improve the processes of wage negotiation in countries such as Cambodia and Bangladesh. Initial meetings with suppliers from all companies in London and Hong Kong also took place, as well as a first joint trip to Cambodia. For 2016, the founding of an organisation is planned that will in the future implement the country programs.



<http://bangladeshaccord.org/>

More safety in factories

In 2012, Tchibo became the world’s second company to sign the Accord on Fire and Building Safety in Bangladesh initiated by leading trade unions and NGOs. Since May 2013, more than 200 other international clothing companies have joined the agreement. 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 expert fire, electrical

and building safety inspections. If deficiencies are discovered, the owners are obliged 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 to recognise and report safety risks. In autumn 2015, a pilot project was launched to establish health and safety committees in factories whose development we have supported. If a factory does not eliminate shortcomings despite all the offers of support, we terminate the business relationship. The employees are supported in finding new employment in safe factories if needed.

OUR GOALS

Fair wages and trade union rights

- By 2015:
- Continued ACT initiative efforts in cooperation with the international trade union federation IndustriALL Global Union
 - Developed a concept to further strengthen rights of association within the WE programme
- By 2020:
- ⊕ Establish a system of living wages and collective agreements in all global production markets (ACT)
 - ⊕ Continue developing our strategic supplier programme, systemic mainstreaming of fair purchasing practices in the procurement process, and review them as part of regular due diligence

Syrian refugees in the Turkish textile industry

As part of our commitment to better working conditions, we also respond quickly to current challenges, such as in Turkey where Syrian refugees are increasingly being employed in the clothing and textile industry. Therefore, we have pointed out to our suppliers in Turkey that the SCoC also applies to refugees: child labour, discrimination and underpayment are therefore

prohibited. Contracts must be translated into Arabic. Moreover, under Turkish law no more than ten percent of employees may be Syrian refugees. We also adapt training sessions to address the inclusion of refugees, and are developing further measures to ensure fair working conditions for refugees at our suppliers.

Advancing environmental protection in production

In addition to improving the social conditions in factories, we also work to reduce the environmental impact of the production of our consumer goods. We monitor our sup-

pliers’ compliance with environmental standards and share important knowledge related to climate and environmental protection with them.

Detox Commitment

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 reaffirmed our commitment to end the use of hazardous chemicals in our textiles production by 2020. The task now is to achieve this ambitious goal step by step – a significant challenge, especially given the widely ramified supply chains.

but can accumulate in the environment. The Tchibo MRSL is the foundation for assessing the relevance of substances for Tchibo products and product ranges to eliminate these unwanted chemicals and replace them with safe alternatives. To do this we have developed a phase-out model that is based on the relevance of assortments for Tchibo and the product composition.

One central tool for eliminating such chemicals from our supply chains is the Manufacturing Restricted Substances List (MRSL) we developed in 2015. The list includes potentially hazardous substances that can be used in the manufacture of textiles as well as other consumer goods. Beyond the substance groups identified as priorities by Greenpeace, it contains other potentially hazardous chemicals that may be safe for users in the finished product,

In June 2015, we sent out information to all suppliers about the Detox campaign, along with the Tchibo Roadmap for implementing the new requirements, as well as initial suggestions for action to eliminate hazardous chemicals. We ran a pilot survey with a group of 18 suppliers, which cover around 40 % of our sales units in the textile product categories, gathering relevant Detox data. We will gradually expand this survey to all suppliers in 2016 and 2017.

We worked with accredited testing laboratories to carry out comprehensive measurements of



www.greenpeace.de/kampagnen/detox

In 2014, Tchibo committed to fulfilling the requirements of the **Detox standard.**

> Since 2013, **no PFC** has been used in Tchibo outdoor clothing.



www.cpi2.org/home/



www.cottonmadeinafrica.org/de/

waste water and sewage sludge at textile producers. The analysis of wastewater samples will give us information on the incidence and concentration of priority chemical groups and show where there is a need for action. In accordance with the Detox Commitment, these results will be published on the Institute for Public and Environmental Affairs (IPE) website. By mid-2016, we aim to publish this data for 80 % of our textile suppliers.

In 2013, water-repellent finishes which contained PFC for outdoor clothing were already eliminated as part of the Tchibo quality

Carbon Performance Improvement Initiative (CPI₂)

In 2011, we teamed up with eight other companies to found the Carbon Performance Improvement Initiative (CPI2). Using an online tool, it gives manufacturers concrete recommendations on how to reduce energy consumption and therefore greenhouse gas

Educational Projects in the countries of origin: Cotton made in Africa

Together with the Aid by Trade Foundation, we are committed to promoting more efficient and sustainable cotton farming in Sub-Saharan Africa. We support their Cotton made in Africa (CmiA) initiative, which helps and teaches people to help themselves. Cotton farmers are taught how to improve the quality and yield of their cotton, and introduced to environmentally friendly cultivation methods. This empowers them to produce higher yields and increase their income. More than 670,000 smallholder farmers have participated in the training since the initiative was launched. By working with CmiA, farmers also benefit from fair contracts and punctual payment. We support the initiative by buying its cotton for our products.

process. Since then, Tchibo has utilised various finishes without PFC (e.g. ecorepel®). PFCs (per- and polyfluorinated compounds) are a group of chemicals classified as hazardous by Greenpeace. Before signing the DETOX Commitment, Tchibo had also already limited the use of another group of chemicals classified as hazardous, APEOs (alkylphenol ethoxylates), in its manufacturing by imposing strict limits for end products. In 2015, Tchibo adjusted its supplier contracts to enforce a complete elimination of this group of chemicals in manufacturing.

emissions in production. Modules for water and chemicals management have been integrated since 2015. Around 500 factories in 16 countries used the tool in 2015, including ten of Tchibo strategic producers.

The social, environmental and economic impact of CmiA training has been monitored since 2015. The results show that compared to a control group that was not part of the CmiA initiative, CmiA farmers were able to increase their income by 30 %. Compared to the global average, the production of one kilogram of CmiA cotton saves 2,100 litres of water and up to in 40 % greenhouse gas emissions.

Besides promoting sustainable cotton cultivation, we also work with the Aid by Trade Foundation to initiate measures to promote education, in order to improve the living conditions of cotton farmers and their families. With targeted projects in Benin and Zambia, we have given young people access to education and school as well as to capacity building.

For more frequent school attendance in Benin

Together with the Aid by Trade Foundation, the German development organisation GIZ and other partners, we launched the ‘Cotton for sustainable education’ school project in Benin, West Africa in July of 2010. Around a third of children here stop attending primary school because their parents cannot afford to pay their tuition. In many places there are no schools. The aim of the project was to enable more children to attend school and improve the quality of teaching. By the time the project was completed at the end of 2014, we had achieved more than originally planned. The children benefit from five newly constructed school buildings, 18 wells provide the pupils and surrounding villages with clean drinking water. 66 canteens serve regular meals to the children with food from 47 newly created school gardens. 10,000 textbooks and 30,000 school uniforms were purchased

Improving the school infrastructure in Zambia

Together with the Aid by Trade Foundation, the Deutsche Investitions- und Entwicklungsgesellschaft (DEG), and the cotton company Cargill Zambia, Tchibo supported a school project in the Eastern Province of Zambia from 2012 to the end of January 2016. At the time the project ended, Cargill worked together with nearly 45,000 smallholders in the project region. Eight new school buildings were constructed and renovation work carried out on two other schools. The schools were equipped with solar systems, wells, school gardens and toilets.

OUR GOALS

Education projects in countries of origin

By 2015:

- Zambia: Completed the project by finalising the construction and renovation measures, and equipping the five remaining schools



Grand opening of one of five new schools in Benin.

and 18 schools were electrified with solar-powered lamps. These investments are paying off: enrolment has increased by 8.2 % to 80 % and the drop-out rate fell, with 82 % of pupils now successfully completing their primary education. In addition, various campaigns such as radio programmes and photo stories have helped to build awareness among parents about the importance of education and having their children attend school. We have directly and indirectly reached around 30,000 cotton producers with these programmes.

> School project in Benin: **enrolment rate has increased** by 8.2 % to 80 %.



GETTING EVEN CLOSER TO OUR CUSTOMER

STRATEGY AND MANAGEMENT

➤ Every week we surprise our customers with products of an attractive theme world. When purchasing and manufacturing our products, we not only pay attention to high product quality, but also to ensure compliance with social and ecological standards in the production of raw materials as well as in the production of the assortments. Christine Rampold, Director Buying & Quality

3

CUSTOMERS AND PRODUCTS

The Tchibo brand lives by inspiring its customers' trust and fuelling their enthusiasm. We will only be able to continue doing business successfully if we strengthen this trust and keep inspiring our customers. We therefore rely on a resolute focus on customers, unsurpassed product quality and full consumer protection. We promote sustainable consumption by continuously expanding our range of sustainable products and building our customers' awareness of their advantages.

Tchibo combines the highest expertise in roasted coffee, coffee enjoyment in our branded coffee bars, and an innovative weekly changing range of consumer goods with services including travel, mobile services and 'green' energy. We have operations in nine countries: more than 1,000 Tchibo shops, approximately 17,000 concessions (Depots), and a number of national online shops. Each week, more than 10 million customers visit our Tchibo shops and online stores in Germany, Austria and Switzerland alone.

Focus on the customer's wishes

‘Only at Tchibo’- in accordance with our motto, we don’t just want to keep our customers satisfied - we want to keep inspiring them anew each day. Apart from product quality, systematic customer focus is a prerequisite for this. It is firmly anchored in the Tchibo DNA as a key success factor and is put into action every day in our family-owned business.

We offer our customers excellent service management, communicate openly and honestly, and consider aspects of sustainability and innovation as we continuously develop our offers and services. In the process, we keep a close eye on the customer’s needs and wishes. Their purchasing behaviour has changed, especially in the course of digitisation. And so, in 2013 we expanded our multi-channel system into a cross-channel system in which we interlink the sales channels of Tchibo shops, Depots) and the internet so customers can optionally combine their order, pick-up and exchange. For example, they can order at the online shop and have the goods delivered to a Tchibo shop free of shipping charges. We are currently running a pilot project to further evolve this cross-channel

Our service target: Satisfied customers

Our employees act based on the Tchibo service and quality promise, which sets out criteria such as safety, a sense of responsibility, and

approach. In 2016, we introduced the Tchibo BestellBar (OrderBar) at our first Concept Store in Hamburg. It is designed to interlink the stationary business even more closely with the online shop. Customers can use a screen with a built-in scanner to scan any product they plan to order online - with the help of small order cards or codes on the merchandise - and get more information and additional product advice. They can have their choice printed out on a ticket by pressing a button, and the Tchibo shop staff can order it for them directly in the shop. Or they can take the ticket home and order from there.

Our product ranges are also geared towards our customers’ wishes. In 2014, we set up the ‘Tchibo Lieblingsstücke’ (Tchibo Favourites) permanent range in the online shop, and we are currently further evolving our assortment concept. Starting in 2017, we will focus on fewer products in our weekly changing theme worlds, while at the same time creating an expanded permanent range in the particularly popular product categories, which include underwear, children’s fashion, sportswear and kitchenware.

goodwill towards the customer. The Tchibo Customer Service and Technical Service Centre can be contacted between 9 and 15 hours a day, 5 to 7 days per week, by phone, contact form, email, letter, or Facebook. Our Tchibo hotlines, staffed by customer service representatives specially trained by us, handle a wide range of customer concerns. Our Tchibo shop staff are also happy to help with any questions.

We treat our customers according to a consistent service mentality that focuses on friendly interaction and rapid problem-solving, as the core objective of our customer service is the satisfaction of our customers. In future, we will focus even more on individual consumers, including potential new customers and former customers. By forging closer links to the marketing department we are increasingly using market research results to become even faster and more customer-focused. The systematic recording and evaluation of our customers’ needs and wishes also provides valuable information for our business, e.g. for product development and quality assurance. And of course, we use these findings to develop specific measures for customer service. Real-time communication, for instance, is becoming increasingly important - for example via instant-messenger systems like WhatsApp and our Self Service system for customers. In the latter, manuals can be accessed online and packages easily tracked on the internet. In 2013, we launched our Tchibo app for mobile devices, which is used by many customers.

We are also continuously improving our online shopping offer. In September 2015, we updated the tchibo.de homepage so that visitors can find what they are looking for even faster and more accurately. In addition to the weekly changing product ranges, the homepage now

Our customer communications: honest, open, focused on dialog

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. Our Tchibo DNA and Brand Manual specify consistent principles of communication, e.g. plausible and easily understandable language. 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.

In the Corporate Communications department, we created the new post of Blogger Relations in

We always have an open ear for our customers' concerns.



Deutschlands bester Online-Shop



Christine Rampold (Head of Buying & Quality) in conversation with colleagues.



Meeting over coffee: Bloggers
Breakfast at Tchibo.



2015: The employee responsible for this develops contacts with bloggers and influencers who are relevant to Tchibo. She maintains these contacts in order to establish a link to the readers and fans of the multipliers. This helps us to reach more target groups beyond traditional channels of communication, and to present Tchibo in an authentic environment. Our as-

Direct interaction: Social networks

We enter into direct dialogue with users through various social networks, which allows us to obtain feedback from our customers about our services and activities. We use Facebook, Twitter, Instagram, YouTube and our own corporate blog. On request, our customers also receive a Tchibo newsletter tailored to their personal interests. More than 6.5 million subscribers use this medium to regularly receive information about Tchibo products and services.

In September 2015, we exceeded the one-million fan mark on Facebook. We have used Facebook to build and develop long-term customer relations, for dialogue, exchange, and interaction since 2011.

In 2015, our corporate blog won its third OnlineStar Audience Award for 'Corporate Blog of the Year'. The blog gives us a way to enter into an open dialogue with customers. Beyond compelling, up-to-the-minute topics we also use



OnlineStar 2015

piration is to communicate transparently and professionally. Our corporate blog has been a great success since 2011: around 65,000 readers a month visit it to read themselves via Tchibo employees writing about their experiences with the company.

We also feel it is important to inform our customers honestly about sensitive consumer topics such as increases in the price of our coffees. In early 2015, the strong dollar led to increases in our retail prices for coffee. We explained the reason for the price increase to our customers in our Tchibo shops and Depots as well as online. At the same time, we promised to cut prices again as soon as the green coffee markets allowed us to. In August 2015, we delivered on this promise and communicated this accordingly.

it to address critical aspects that are being talked about on social networks or in other media. For example, after the German public-service TV channel Erstes Deutsche Fernsehen broadcast its Markencheck (Brand Check) on Tchibo in May 2016, we made a statement on our corporate blog about the criticism expressed there, which related to aspects of our coffee, product quality and working conditions. In the course of this, we made it possible for users to continue the controversial discussion in the comments section of the blog post.

> In dialogue with our customers:
more than a million fans on
Facebook.

Participation welcome: Tchibo ideas

Launched in 2008, the 'Tchibo ideas' participatory platform helps us learn more about the needs of our customers and directly integrate their ideas into the further development of our products. In workshops, tests, surveys and polls, customers are invited to contribute their own experiences and ideas, participate in the design of our product range, and provide valuable inspiration. For example, for the 'Time to get creative again!' weekly theme world in September 2015, Tchibo invited six selected sewing enthusiasts to an exclusive sewing workshop at Tchibo headquarters with sewing expert Ina from the sewing portal pattydoo. The participants pre-tested our sewing products, developing sewing instructions in the process. Thanks to the feedback from these customers, we learned

many useful things about the products and were able to pass on a variety of sewing instructions.



Customers sewing things up with
Tchibo ideas and sewing expert Ina.

Strict quality and safety standards

We want to offer top product quality at fair prices. Therefore, our production always follows strict, uniform standards. We regard legal requirements as minimum requirements that we go above and beyond in many aspects. We test the quality of our products ourselves, as well as with the assistance of independent external institutes. We stipulate clear require-

ments 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.

Holistic approach: Quality management in Coffee

We use the best beans from high-quality Arabica coffee plants for our coffee, as well as Robusta beans for some espresso products. In sourcing our coffees, we promote environmentally and socially responsible cultivation methods in the countries of origin. Our coffee experts regularly visit the producing countries to check on the cultivation methods and quality of the green coffee. After the harvest, the beans are swiftly and carefully transported to our roasting plants. Here, they first undergo

quality testing before we process the green coffee into roasted coffee. Our roasting plants comply with the International Food Standards (IFS5). To preserve the flavour of our coffees, we pack them in plastic film in an oxygen-free environment. Since May 2016, the two varieties Tchibo Barista Espresso Caffè Crema and Barista Espresso have the new 'flavour lock', which reduces to the beans' exposure to oxygen during consumption, so they stay fresh longer. It also makes them easier to measure out.

From concept to sale: Quality management in Consumer Goods

Tchibo’s quality management process for our consumer goods extends from product development and quality development to quality assurance and compliance with customer information requirements. 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.

In developing a product, first the requirements concerning the item’s materials and design are determined. Criteria include durability, ease of use, and the highest product safety standards. An example of how we ensure product safety for consumers is the setting of limits for the use of chemicals in textile manufacturing. Only suppliers that agree to comply with the Tchibo SCoC are commissioned to manufacture products. As part of our DETOX Commitment, we have also pledged to eliminate all hazardous chemicals from production by 2020.

During quality development, we regularly visit the production facilities to examine the manufacturing processes. This includes having the chemicals’ threshold values inspected by independent, accredited institutes. After

production, all consumer goods are subjected to a final inspection using the Acceptable Quality Level (AQL) procedure. This ensures that all quality requirements were met and the goods to be sold to the customer are flawless. The final inspection either takes place at an inspection centre in the respective production country or in our main warehouse in Bremen. Detailed product information and instructions are supplied with the product and are also available via our online shop. Our quality process does not end with the purchase of the product by the customer. We use predefined information paths to incorporate all relevant findings and insights regarding possible improvements into the development of successor products. To do this, we evaluate customer feedback and returns, and request feedback from our Tchibo shop staff. The Quality Board introduced in 2014 ensures that the latest quality requirements are promptly integrated into the relevant management processes. Adjustments may be required, among other things, due to changes to the law, identified shortfalls in quality, or changing expectations among customers and/or non-governmental organisations (NGOs).

Building awareness and enthusiasm for sustainable consumption

On our path to becoming a 100 % sustainable business, we want to make it easier for customers to practice sustainable consumption. To this end, we are not only systematically expanding our range of sustainable products, but we also communicate honestly and explain product benefits in a way that is easy to understand. By doing this, we are complying

with what our customers want, as according to our Tchibo Experts Customer Survey 2014, sustainable production is important for 65 % of respondents. A recent 2016 Serviceplan survey arrived at similar results: it found that 70 % of Germans would like to act sustainably and ‘do good’ without having to restrict their daily routine or shopping habits.

Designing the product range: Ensuring environmental and social sustainability

Our focus in the expansion of our sustainable product ranges is on coffee, textiles made of cotton and viscose, furniture and handicraft 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, among other things, by the Verbraucher Initiative e.V. consumer protection organisation, which awarded Tchibo its gold medal as a ‘Sustainable Retail Company 2015’ in the category of ‘Textiles and Footwear’, and silver in the ‘Food and Beverages’ category.

Coffee

We have once again increased the share of validated and certified green coffee, from 30 % in 2013 to 34 % in 2014 and 41.2 % in 2015. In the medium term we aim to integrate all Tchibo coffees into our sustainability concept. In 2010 we already switched the entire Privat Kaffee range to 100 % certified sustainable qualities. Since 2009, all coffees and specialty coffees in our coffee bars have been exclusively prepared using certified coffee grades. For the tenth anniversary of our Cafissimo capsule system, we started offering coffee with the FAIRTRADE seal for the first time, in addition to coffee from Rainforest Alliance or UTZ-certified farms. We

now put the respective seal on the front of the packaging so that customers can see it is sustainable coffee at first glance. In addition, in 2015 we introduced three teas for Cafissimo that all contain either loose tea leaves from certified organic cultivation or originate from Rainforest Alliance or UTZ-certified farms.

Cotton

In 2015 the share of textiles containing accredited or certified cotton from sustainable sources was nearly 80 % – a near-doubling compared to 2012 and an increase of almost 50 % compared to 2012. We have significantly increased our range of sustainable cotton textiles with the ‘Cotton made in Africa’ logo and products made from organic cotton certified according to the Organic Content Standard (OCS) of the Textile Exchange organisation. According to the Organic Cotton Market Report, this makes Tchibo the fourth-fastest company worldwide in the transition from conventional to organic cotton. At the same time, we are the third-largest buyer of organic cotton worldwide. In 2015 for example, we offered thematic ranges comprised nearly entirely of products made from organic cotton. In 2015, we offered the first GOTS-certified textiles, and we plan to significantly expand the range in future.

> 65 % of the customers we surveyed said it is **important** to them that our products be **manufactured in a sustainable way**.



www.rainforest-alliance.de



www.fairtrade-deutschland.de



www.utz.org/language/landingpage/german



www.oekolandbau.de/bio-siegel/



www.4c-coffeeassociation.org/



www.textileexchange.org/



www.cottonmadeinafrica.org/de/



www.global-standard.org/de/



www.appachicotton.com/

Closed Loop

In designing a sustainable product range, the responsible use of resources is an integral part of our activities, because the global extraction of raw materials and high volume of waste contribute to global environmental challenges, such as climate change and loss of biodiversity.

With the ‘closed loop’ strategy, we aim for a responsible handling of resources across the entire lifecycle of our products. This means that even at the product design stage, we develop our products with a view to ensuring that they are produced using existing resources, are durable, and can be used for high-quality recycling in the end. This involves a variety of measures: we work with our suppliers to help them make products that are made partly or entirely of recycled materials. So that the products can be used as long as possible, we formulate specific requirements for their longevity. At the same time, we continue to develop our customer service processes so that it can increasingly provide assistance for maintenance and repair in future. In order to ensure the best possible recycling of our products at the end of their life, we are working on designing such that most of their components can be recycled. With this in mind, we also support the improved recycling of our textiles and are currently developing, among other, options for offering our customers the easiest possible return of their old clothes.



Viscose

In 2015, the share of man-made sustainable viscose in our range was close to 64 %. We obtain our viscose from Lenzing AG, which sources its wood – the predominant raw material for producing viscose – exclusively from responsibly managed forests.

Wood

Many of our products are made of wood and paper. The raw materials processed for our products – wood and cellulose – originate from responsibly managed forests. Moreover, in 2015 about 40 % of our products were certified by the Forest Stewardship Council (FSC®).

Animal materials

We completely banned real fur products from our assortment over nine years ago. Since early 2014, we have also excluded products containing angora. In 2015, we exclusively offered chrome-free tanned leather products for the first time.

Green energy

We stopped offering green energy in September 2015, as the German energy market no longer provides sufficient differentiation potential for Tchibo. We therefore handed over our green energy business to Lichtblick and are focusing on our core business again: coffee and consumer goods. For Tchibo’s energy customers, this changed nothing. As Lichtblick customers they still get fair prices, transparent contract conditions, and convincing energy and service quality. All the service promises made by Tchibo are fulfilled.

We haven’t used any real fur in our products since 2007.

Credible, understandable, appealing: Communicating sustainability

As a trader and retailer, we must ensure high product quality and explain sustainability in a credible and understandable way so that our customers will choose responsible consumption. We put this aspiration into action by continuously expanding our sustainability communications and standardising our product labelling.

We use a variety of communication channels to reach customers: our Tchibo shops, concessions (depots) and our online shop, the Tchibo Magazine, the corporate blog, and social media channels. On tchibo.de we have created a section exclusively for sustainability, which includes all the essential information about our activities in a concise and consumer-oriented way. We also use our own YouTube channel where we explain various facets of sustainability, especially the importance of the seal, in

illustrative, entertaining films. In addition to the ‘Mr Coffee Bean in the Land of Coffee’ and ‘Mr Coffee Bean in the Forest’ videos, in 2015 we made ‘Mr Coffee Bean discovers the Cotton Seal’. This animated film gives an entertaining introduction to sustainable cotton production and explains the different certifications. To ensure that our employees are always informed about sustainability at Tchibo, we give them extensive training and always keep them up to date.

We want our customers to recognise sustainable products straight away. For this reason, in 2015 we introduced the Tchibo Sustainability Ribbons to identify sustainable products. They provide a high level of recognition value and can be flexibly applied to all sustainability labels. For products containing organic cotton, for example, the words ‘mit Bio-Baumwolle’

GUT GEMACHT

With the ‘GUT GEMACHT’ (DONE IN A GOOD WAY) logo, which we introduced in August 2016, we are further expanding the communication of our commitment to sustainability. ‘GUT GEMACHT’ serves as a ‘bracket’ for all of our sustainability initiatives. In conjunction with the sustainability ribbon, the printed logo helps consumers identify sustainably produced products even more quickly and easily.

‘GUT GEMACHT’ products are either externally certified or incorporate standards and procedures recognised by external stakeholders – for example, chrome-free leather. We will also use the ‘GUT GEMACHT’ logo at point of sale, in our customer magazine and in other media from now on, to draw attention to our sustainable approach and motivate customers for responsible consumption. More detailed, easily understood and customer-focused information is posted online at www.tchibo.de/GUT-GEMACHT.



(‘contains organic cotton’) are placed in a highly visible position next to the Organic Cotton Standards (OCS) seal.

We regularly involve our customers in our sustainability efforts through specials and promotions. For instance, in 2015 we organised another promotional campaign under the heading ‘Genießen und Gutes tun’ (‘Enjoy and do good’) slogan. For every pound of Tchibo Privat Kaffee sold between November 2015 and January 2016, we donated ten cents to our education project in Tanzania, which we initiated in partnership with Save the Children to improve the educational opportunities of children and teens in Tanzania. Besides the ‘Genießen und Gutes tun’ campaign, we also participated in the ‘RTL Spendenmarathon’ telethon with the project in November 2015. Thanks to our customers’ engagement, 250,000 euros were raised for the project. RTL doubled this sum, resulting in a total of EUR 500,000 in funds donated to the Tanzania project.

At the beginning of 2013, Tchibo joined the ‘Alliance for Consumer Education’ founded by the German Foundation for Consumer Protection (Deutsche Stiftung für Verbraucherschutz)

to promote early awareness of sustainable consumption. In this Alliance, representatives from NGOs, science and academe, business associations, companies, politics, educational authorities and ministries, as well as members of the public, work to strengthen the decision-making and consumer skills of children and teens in Germany, without promoting individual brands. The Alliance currently supports exemplary consumer education projects in schools.



Sustainable products can be well recognized by the Sustainability Ribbons.



PROTECTING THE CLIMATE AND CONSERVING RESOURCES

STRATEGY AND MANAGEMENT

> An intact environment is essential to the future viability of our business.
Stefan Dierks, Head of Corporate Responsibility Product & Strategy

4

ENVIRONMENTAL PROTECTION AT SITES AND DURING TRANSPORT

An intact natural environment is an essential basis for Tchibo's business. Therefore, it is vital that we succeed in limiting climate change and conserving natural resources. Accordingly, we are continually expanding our efforts to counter climate change and conserve resources: at our sites, and in the packaging, transportation and shipping of our products. In 2015, we expanded our climate-protection programmes in the fields of logistics and production.

Protecting the environment and countering climate change is a key component of Tchibo's business strategy and is firmly embedded 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. Beyond this, the Tchibo Code of

Conduct defines binding rules of eco-conscious behaviour for our staff. At our administrative, production (roasting plants) and warehouses sites, we work with an environmental management system based on the ISO 14001 standard that involves recording our salient consumption figures, thereby serving as a basis to reduce our use of energy, water, gas and paper and minimise waste and CO2 emissions from company cars, the fleet of vehicles, and business trips. At our production sites in Germany, we have also introduced an energy management system in accordance with ISO 50001. Environmental officers have been appointed in the different divisions and departments to integrate environmental aspects into the business operations. The Corporate Responsibility department coordinates cross-departmental and cross-divisional activities.

The focus of our environmental protection measures is climate protection and resource efficiency: only if we succeed in countering climate change and conserving natural resources, will we be able to offer our customers high-quality products into the future. Based on our knowledge and experience gained in the past few years, we are focusing our activities on areas where we have identi-

fied the greatest environmental impact from our own processes: mainly the areas of logistics and production.

To save additional emissions and conserve resources, in 2015 we adopted the Roadmap 2020 for our logistics processes, which further increases our commitment to sustainable logistics and production.

Countering climate change: reducing CO₂-emissions

To systematically reduce CO₂-emissions, we make our processes as energy-efficient as possible and minimise emissions. We focus on the causes and are especially committed to

action areas where we can make the biggest difference: during the transport and delivery of our products, in our production plants, and in our fleet of vehicles.

Logistics: organising processes efficiently

We have been recording, accounting for and analysing our transport-related carbon emissions since 2006 as part of our LOTOS (Logistics towards Sustainability) climate protection programme, which was initiated in cooperation with the German Federal Environment Ministry (BMU) and the Technical University of Hamburg-Harburg. This helps us to systematically identify further potential for reduction and develop measures to implement it - including the increased use of low-CO₂-emission trans-

port such as ships (more than 93 % of transport) or rail; the optimum utilisation and loading of containers and trucks; and the intelligent management of logistics processes. By expanding the scope of our analysis in 2015, we took more transport movements into account compared to previous years, and achieved a relative reduction of emissions of 27 % since 2006 (based on ton-kilometres) as part of LOTOS. In absolute terms, CO₂-emissions (since 2014, we have also included other relevant greenhouse gas as CO₂ equivalents) have decreased by about 50 % compared to 2006.

An intelligent management of our distribution network is another lever for reducing CO₂-emissions in the supply chain. That is why since 2006, we have established increasingly direct delivery routes between our roasting plants and distribution centres.

Delivering our goods to customers inevitably causes carbon dioxide emissions. Therefore, since 2012 we have shipped all our letters and

packages exclusively using Deutsche Post DHL's 'GoGreen' programme. We thereby support the financing of globally accredited, Gold Standard-certified climate-protection projects in developing and emerging countries and offset the CO₂eq-emissions incurred during shipping. We have offset CO₂eq-emissions for B2C shipping in Austria since 2011, and in 2015 expanded this policy to the Czech Republic and Slovakia.

Roadmap 2020: More ambitious climate targets

Roadmap 2020, adopted in 2015, builds on the goals already achieved and systematically continues the path to a 100 % sustainable business.

We will reduce the relative transport-related CO₂eq-emissions by another 10 %. This means that compared to the base year 2006, we will reduce relative, i.e. transport-related carbon emissions standardised to the transport performance in ton-kilometres, by 40 % by 2020. To achieve this goal, we integrate all goods transport from the port of loading in the

production country through to reverse logistics (returns). In future, we aim to start the sustainable alignment of logistics at the starting point of the goods transport, i.e. the producers.

We are currently testing and implement various reduction measures in transport, such as new concepts for customer delivery, or a further conversion to energy-efficient transport. For instance, we are currently testing rail transport from China to Bremen. We are also testing the use of long trucks between the Bremen and Gallin distribution centres.



More than 90 % of our goods are transported by ship, a low-CO₂eq-emissions mode of transport.

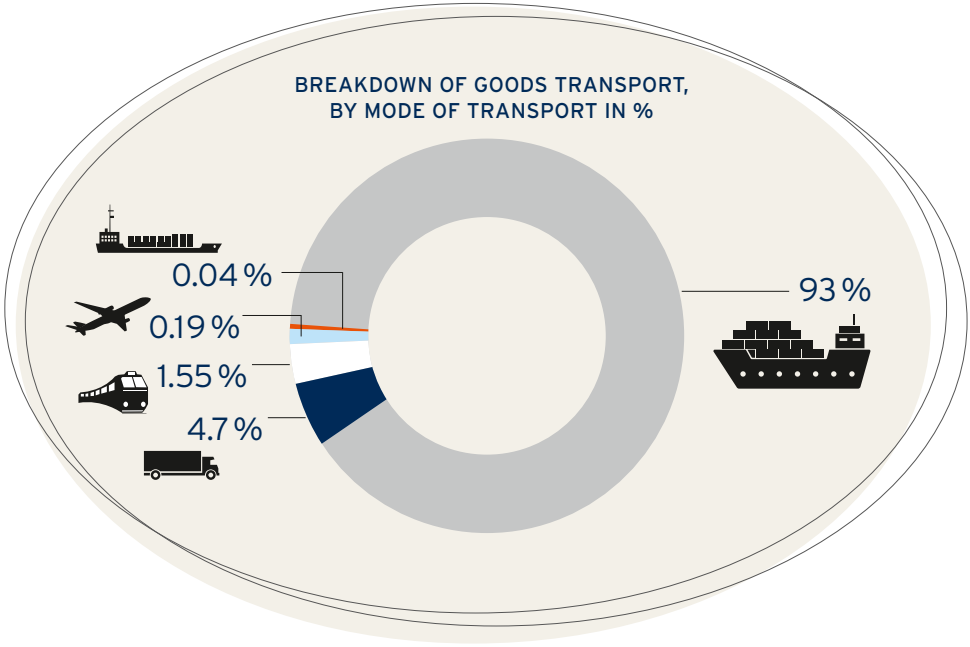


www.deutschepost.de/de/g/gogreen_klimaneutral_versenden.html



www.tuhh.de/tuhh/startseite.html

Stefan Dierks (Head of Corporate Responsibility Product & Strategy) and Fleet Manager Oliver Komm present an electric vehicle as an eco-friendly new addition to the fleet.



> 27 % (relative) reduction in average transport-related CO₂eq-emissions compared to the reference year 2006.

OUR GOALS

Climate Protection Roadmap 2020

●

Another 1.5 % reduction in specific CO₂-emissions per ton of roasted coffee at the roasting plants, by reducing energy consumption and consumption optimising process flows

●

Reduce energy consumption at the Gallin and Neumarkt warehousing sites: 15 % reduction in relative warehouse emissions

●

Emission savings as part of the logistics strategy (Clean Cargo Working Group/CleanCargo Scorecard): Reduce relative transport-related CO₂eq-emissions by a further 10 % (total 2006-2020: 40 %)

●

Reduce average emissions of our vehicles to below 95 g CO₂/km by 2020, taking our cue from the EU limit for manufacturers' fleets

⊕

Reduction of energy consumption at Gallin and Neumarkt: reduction of relative warehouse emissions by 15 %

⊕

Emission savings as part of the logistics strategy (Clean Cargo Working Group/CleanCargo Scorecard): Reduction of the relative transport-related CO₂-emissions by a further 10% (total 2006-2020: 40 %)

⊕

Continually reduce average emissions of the fleet by lowering the limit for new cars in accordance with the EU Directive for manufacturers' fleets

➤ Reduced energy consumption and optimised process flows at our two roasting plants resulted in a further **1.5 % reduction in specific CO₂-emissions per ton of roasted coffee**

We also aim to reduce relative emissions in our distribution centres by an additional 15% by 2020. Our sites in Gallin and Neumarkt have already undergone energy-savings audits in order to identify potential savings and put energy efficiency measures into action.

Planned measures include converting to energy-efficient frequency chargers in the fleet of vehicles, as well as a 'smart lighting' concept that realises energy savings by switching to LED lamps in the distribution centres.

electric vehicles in our fleet, and provides our employees with incentives to opt for more environmentally-friendly models. Thanks to these measures, the average CO₂-emissions of our company car fleet was 116 g CO₂/km in 2015. By 2020 we will reduce the average CO₂-emissions of our company cars to 95 g CO₂/km, a figure that is equivalent to the EU regulation for manufacturers' fleets.

In 2015, we further evolved our fleet and fleet policy. After adding new hybrid vehicles to our fleet, three new electric charging stations for electric and hybrid vehicles (each with two terminals) were installed at the City Nord Head Office in Hamburg. As part of this, we also adjusted the incentive system for using alternative drive systems and factored electricity-related emissions into the overall emissions. Models with values below 110 g CO₂/km and

electric vehicles receive the highest subsidy. For employees with three or more children, we also offer bigger, family-friendly vehicles for which slightly higher CO₂ limits apply.

Beyond this, we create incentives to use public transport: we assume half the cost of the ProfiCard, a Hamburger Hochbahn AG subsidised travel card for local commuters. We fully pay for the cost of a BahnCard (card for all-inclusive unlimited rail travel across Germany) for employees who frequently travel on business within Germany.

Our systematic fleet strategy was awarded the German Environmental Aid (DUH) "Green Card for credible environmental awareness" in 2015 - for the fourth time in a row. Of the 194 German companies surveyed, 12 were awarded the 'Green Card' in 2015.

➤ **Reduced fuel consumption across the Tchibo vehicle fleet and corresponding reduction of CO₂-emissions to 116 g/km.**



www.ok-power.de

➤ Since 2008, we have exclusively sourced **100 % green electricity** for all Tchibo locations in Germany.

Tchibo sites and Tchibo shops

We require energy at all of our sites, whether for roasting coffee or for operating Tchibo shops. We have established specific measures to limit power and heat consumption. All Tchibo sites in Germany exclusively use 'ok-power'-certified electricity from renewable energy sources, which we have sourced from Entega since January 2016. These sites include our two roasting plants and distribution centres, the company's headquarters in Hamburg, and all

Mobility: climate-friendly transport

Our long-view fleet strategy is designed to steadily minimise CO₂ emissions in the area of mobility. We also include Tchibo national

Tchibo shops for which we buy the electricity ourselves. Only a few Tchibo shops, for example in shopping centres, are supplied with electricity by the landlords.

In 2001, we introduced a DIN ISO 50001 energy management system at our two roasting plants, to continuously increase energy efficiency. This reduces our specific energy consumption per ton of roasted coffee by at least 1.5 % per year.

business units in this strategy, which sets CO₂-emission limits for newly purchased vehicles, increasingly integrates more hybrid and

Conserving resources - responsible use of paper and packaging materials

We are constantly working to minimise the use of natural resources. For instance, we are successively reducing the use of paper and cardboard wherever we can, and cover the remaining requirements from recycled materials and responsible forestry. We also avoid packaging waste and ensure that our packaging can be recycled after use. In our Packaging Directive, we have further developed the sustainability criteria for our packaging design. In this way, we increase the environmental requirements for our packaging without compromising the quality. Our Roadmap 2020 also includes targets for increased resource efficiency in our supply chain management. For instance, we want to reduce cardboard and paper consumption in B2B and B2C deliveries by 30 % per selling unit by 2020.

OUR GOALS

Resources

For 2015:

●

Save resources in connection with cardboard and paper by optimising the sales packaging (maximise recycled component) and increasing the share of FSC®-certified sales packaging to 30 %

●

Increase resource efficiency by taking further steps on the path to a closed-loop economy¹

For 2016:

●

Switch Cafissimo capsules to recyclable foil and interior paints (in accordance with the dual systems)

⊕

Increase resource efficiency by taking further steps on the path to a closed-loop economy, specifically by using recycled or bio-based materials in our assortments

⊕

Increase the share of sustainable sales packaging by 30 %

¹ Also see: <https://www.tchibo.com/servlet/cb/1122264/data/-/EPRCommitment.pdf>



www.blauer-engel.de/de



Das Zeichen für verantwortungsvolle Waldwirtschaft
www.fsc-deutschland.de/de-de

> In 2015, we covered **68 %** of our paper requirements with **recycled and FSC® paper**.

Paper: Environmentally sound qualities, digital alternatives

We have increased the proportion of eco-friendly paper qualities in recent years. For our internal consumption we have switched entirely to paper that is Blue Angel (recycled paper) or Forest Stewardship Council (FSC®) certified or that bears the EU Ecolabel. We have already printed all of our magazines and catalogues in Germany, Austria and Switzerland on FSC®-certified paper since 2012. The national subsidiaries in the Czech Republic and Slovakia made the switch in 2013, followed

by Turkey, Poland and Hungary in 2014.

As part of our Roadmap 2020, we are successively converting the delivery papers our B2B and B2C customers receive to digital documents, only continuing to use printed documents where we are legally required to. In addition, we now use less paper for printing manuals by primarily communicating non-statutory information online.

Packaging and waste: Reducing and avoiding

The goal of our packaging strategy is to combine functional requirements as best as possible with environmental requirements. That is why in 2015, we tightened the requirements of our Packaging Directive, in particular for Non Food packaging. Functional requirements include protecting the product and providing information to consumers. Environmental requirements include a waste-avoiding, resource-saving, environment-friendly design, fair and sustainable manufacturing and the recyclability of the materials.

- Based on our guidelines, new packages are now being developed and existing ones optimised, always with the aim of achieving maximum sustainability. Our guidelines are:
1. 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)

Over 90 % of our packaging in the supply chain is already made from recycled materials. Packaging for shipping to customers is made exclusively from FSC®-certified cardboard. Since 2015 we have been able to use smaller package sizes by optimising the filling process in shipping online orders, which saves materials and reduce CO₂-emissions. We are also currently running a pilot project to reduce polybags, i.e. the packaging in which the consumer goods are delivered to stores.

As part of our expanded packaging strategy, packaging material has already been reduced by using open packages and thinner materials. We also aim to convert 30 % of consumer goods packaging to FSC®-certified cardboard in 2016, a proportion that will increase to 95 % by 2020.

We have made our Cafissimo capsules more environmentally friendly: the aluminium content in the packaging has been reduced and the capsules designed so that they are 100 % recyclable.

Fewer plastic bags in Tchibo shops

The European Union has issued a directive calling on all Member States to reduce their per-capita plastic bag consumption. Business associations in Germany and Austria have signed voluntary commitments, which Tchibo also joined. In July 2015 we launched a pilot project in Austria and gained very positive experiences: since we started charging a fee for plastic bags there, 75% fewer plastic bags have been given out. Customers in German Tchibo shops stopped receiving free plastic bags starting in January 2016. With success: 80% fewer have been given out. As an alternative, we offer reusable bags for sale, or disposable carrier bags for 20 cents.



> Since 2016, we have **no longer** offered our customers **free disposable plastic bags** - the number of bags given out at our branches in Germany has since dropped by 80 %.

Our coffee bars are also focusing on making more disposable takeaway cups more environmentally friendly. Since August 2015, customers have been able to get refills on their own reusable cups, taking safe hygiene standards into account, of course.

Building awareness for resource conservation in the next generation

To build awareness about conserving resources among younger generations, we support the Save our Future Environmental Foundation's educational project for daycare centres: "The rubbish detectives - Kids take action." As part of the campaign, which is funded by a portion of the proceeds from the plastic bags we sell, in 2016 the foundation supplied more than 650 daycare centres with its educational material about preserving resources and preventing waste. The project was rounded off by a competition the daycare centres could enter to win attractive prizes.



Stefan Dierks (Head of CR Product & Strategy) and Ralf Thielebein (Managing Director Save our Future) admire the works created by the children during the competition.



www.save-our-future.de/muellidetektive.html

SECURING THE COMPANY'S SUCCESS WITH DEDICATED STAFF

STRATEGY AND MANAGEMENT

➤ Qualified, passionate employees are the basis for our long-term success.
As a responsible employer, we put people first. Jochen Eckhold, Director Human Resources

5

EMPLOYEES AT TCHIBO

Our company's most important asset are its employees. We believe in this as strongly today as Tchibo founder Max Herz did back in 1949. Our corporate culture of openness and dialogue is built on this belief. As a family-owned business, we have codified values such as trust, reliability, and honest dealings with each other in the Tchibo DNA.

Well-qualified, passionate and capable employees are the foundation for our long-term success. As a responsible employer, we therefore put people first. We offer our

employees a diverse working environment, attractive development opportunities, and help them achieve a good work-life balance. We continuously develop our offers for employees, especially in view of the changing world of work. We not only expect high performance from our employees; they are also expected and encouraged to rethink things, take the initiative, and assume responsibility. Only in this way can we continue to deliver on our promise to keep inspiring our customers anew every day.



Values-driven conduct is anchored in the Tchibo DNA.

People first: Putting values into action and nurturing our corporate culture

At Tchibo, we rely on a corporate culture that promotes personal dialogue and creates opportunities for participation. An open and honest treatment of each other is just as important to us as collaboration characterised by clear rules of conduct, guided by high values. This corporate culture forms an essential precondition for maintaining Tchibo as a strong brand and jointly developing it. It is

anchored in the Tchibo DNA, published in 2011, as a binding success factor. The DNA is complemented by the Tchibo Code of Conduct. Besides specifying guidelines for the workaday routine, it also defines our company's key values, which include promoting diversity and providing equal opportunities for all employees.

Dialogue between equals

We foster a candid exchange of views across all divisions and hierarchical levels and involve employees in the company's development. This builds their confidence and motivation to fully support the success of the Tchibo brand. To promote dialogue in the network, we have, for example, introduced tools for interactive exchange on the intranet. Specific questions can be anonymously put to a forum and will be immediately answered by the responsible staff. At the head office in Hamburg, our Hamburg roasting plant, and the logistics centres in Gallin and Neumarkt, we promote interaction in workshops and at regular roundtable

discussions. In addition, all employees in Neumarkt receive a weekly newsletter.

At the Hamburg head office, we have since 2013 regularly invited all employees to the 'Tchibo in dialogue' event series and to works meetings. We are currently realigning our ideas management scheme that lets employees can contribute their own suggestions for innovative products or improving internal processes.

Finding, promoting and retaining talent

Qualified and committed employees play a key role in our long-term success. We therefore see the recruitment, promotion and retention of talent at Tchibo as a key strategic task. It is also very important to us to keep training our staff and to employ them long-term. For this purpose, we have developed special offers as part of our stage-of-life-oriented HR management.



Tchibo offers a multifaceted working environment: Jochen Eckhold (Director Human Resources) in conversation with an employee of Tchibo's staff restaurant Nordlicht.

University Marketing: Finding the best minds

To secure human resources at an early stage, we engage in intensive recruiting. In 2015, we expanded our activities in this area and introduced new formats: exclusive events that bring potential applicants together with departmental representatives give young professionals targeted insights into selected areas of work at Tchibo, while we get to know potential new employees. For instance, we participated in the 'Careers in Logistics' event at Kühne Logistics University in Hamburg, which involved workshops, company presentations, personal careers interviews, and a joint dinner where selected students could learn more about their future employer. Also, for the

➤ **70 students** took part in the **Hamburg Company Tour** to learn more about Tchibo

fifth consecutive time, we took a select group of 70 students on a tour of Tchibo's working environment as part of the Hamburg Company Tour. Other projects in cooperation with universities and colleges are also planned. In 2015, we ran a cooperation with the Academy of Fashion and Design. Another highlight of 2015 was the WFI Summer Challenge, in which some of our employees participated in a sporting contest in teams with students.

Entry paths: Inspiring young professionals

Tchibo offers prospective young professionals various ways to enter the company: from internships and vocational training to dual-degree and trainee programmes. We also support students who are writing their thesis on a Tchibo-related topic.

and marketing are given the chance to get to know two companies in the retail and fast moving consumer goods sectors. Over a period of 18 to 24 months, they pass through different departments at the two companies, supported by mentoring, individual coaching and training. On this basis, they can expand their skills while also providing new impetus to the companies. The aim of the programme is to subsequently hire the young employees in management roles in sales and marketing at Tchibo or Beiersdorf.

Tchibo offers a variety of apprenticeships, mainly in the commercial sector and in some technical professions as well. In March 2016, the Schwerin Chamber of Industry and Commerce singled out our Gallin logistics centre as a 'Top Training Company' for the fifth time. 21 young people are currently being trained in five different professions at Gallin. They include under-performing candidates, whom Tchibo is providing with a realistic career opportunity. Since 2000, more than 200 young people have already successfully completed training as warehouse clerks in this way.

We have also introduced a junior management programme in the Depot and Tchibo Shop Sales department. It is aimed at business graduates with a focus on retail and sales, who have already gained some work experience in internships and seem especially suited for a future in sales management. Over around two years, the participants will intensively get to know the relevant sales department - Depot or Tchibo shop - both in the field and in the office. In the course of the programme the participants will take on more responsibility and are supported by mentoring, seminars

➤ Since 2000, more than **200 young people** have successfully completed an **apprenticeship as a warehouse professional**.



<http://mycrosscompanycareer.de>



➤ In 2015, Tchibo employees completed more than **30,000 hours** of **basic and advanced training** at the **Tchibo Campus**.

and regular feedback interviews. The aim of the programme is to train the participants to become sales all-rounders in a Depot or Tchibo shop within two years, so that participants can fill key positions in future.

As part of our stage-of-life-oriented HR work, we have developed various offers to support

Tchibo CAMPUS: Ongoing Training and development

Our working world is changing constantly – and with it, the requirements and jobs at our company. The professional and personal development of all employees and managers is therefore crucial for our competitiveness. Tchibo CAMPUS offers many opportunities for this, as our central place of learning, inspiration and personal development.

Offerings for employees range from technical and methodological training to project management and IT, through to personal development. In addition, there are keynote presentations by the company’s owners, the CEO, and the Director of Corporate Responsibility. In 2015, we added interactive and practical modules to our ‘Tchibo presents itself’ introductory event for new employees. In two days, the participants

Cooperation with Beiersdorf: Learning together

Since 2015, we have also cooperated with Beiersdorf in the context of vocational training. The Beiersdorf HR Development (HRD) and Tchibo HR Talent Management (HRT) departments have created a joint learning platform which both companies hope will promote development and learning across company boundaries. It offers staff new impulses and perspectives from other organisational cultures, and facilitates stronger networking within the Group.

our workforce – especially in view of demographic change. Our Parents Get2Gether program is designed for employees on parental leave, to stay in touch with them and facilitate reintegration after they return. In 2015, we hosted our first workshop to prepare older employees for retirement.

complete six stations: History, Logistics & Supply Chain, Marketing & Brand, Non Food, Online, as well as Tchibo Shops & Tchibo Shop Management.

For our executives, we introduced the Management Development Programme. Special seminars help managers reflect on their role, develop a common understanding of leadership, and learn leadership tools. Another important focus is team development, for which managers receive individual coaching. We have also developed the Junior Management Programme and ‘Learn to Lead’, a six-month programme of workshops, project tasks, exchange and presentations, specifically for young executives.

In this context, since May 2015 Beiersdorf has offered all Tchibo employees the opportunity to participate in the free ‘Treffpunkt Weiterbildung’ vocational training programme. Topics range from communication and working methods to health and work, through to English and computer classes.

International exchange: sharing knowledge

International assignments to one of our international locations significantly contribute to the transfer of knowledge within the company, and provide individuals with a way to expand their professional and personal development. In 2015, two of our trainees were each assigned to Hong Kong for three months and one trainee to Tchibo in Hungary for three months. We also send executives abroad for long-term postings.

Employee appraisals: Differentiating and promoting

One key management task is to provide employees with transparent feedback about their performance, point out their prospects at the company, and provide systematic support in their development. At Tchibo, we have introduced TRACKS as the central process for assessing performance and potential, and use this as the basis for effective talent management. Core elements of TRACKS are the appraisal interview, the achievement of objectives, and the target agreement. In 2015, the focus was on standardized performance differentiation, and targeted talent identification and promotion. As part of TRACKS, employees are already involved in the run-up to the appraisal interview by allowing them to submit a self-assessment of their performance, potential and future development opportunities. In 2015 more than 60 percent of employees took up this self-assessment and actively participated in TRACKS.

Maintaining a healthy work-life balance

Every day, our employees meet many high demands and requirements. The basis for their commitment, performance and thus also 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, we take responsibility for our employees’ work-life balance at all stages of their life. In 2015, we introduced the interdisciplinary ‘Balance’ project for this purpose. It integrates our occupational health management (OHM) and all other work-life balance activities.

measures, we offer a variety of preventive offers for both physical and mental health. For instance, Tchibo’s Health Day in November 2015 had the slogan ‘Everything begins in the mind’. Around 1,000 employees took advantage of the day’s many offerings.

My Health
We want the working environment to have a positive effect on the health of our employees and to be actively committed to their health. Besides occupational health and safety

Tchibo hosted its second Health Day under the heading ‘Everything starts in the mind’, inspiring more than 1000 employees with a varied program.





> Tchibo was certified a 'family-friendly employer' by **berufundfamilie gGmbH** in 2010.

Our voluntary corporate reintegration management (OHM) scheme supports employees who have been ill for more than six weeks in a given year with their return to work. Our shared goal is to ensure that they become and remain fully fit for work again. Among other things, we provide them with customised workstations or working hours and change their tasks.

We provide support to employees with disabilities through our Disabilities Officer as well as special seminar and interview offers. In the past seven years, we have increased the proportion of Tchibo employees with a severe disability to over 5 % of the total workforce (2015).

My Sport

Regular exercise is an important factor for staying mentally and physically fit and creating a healthy balance to workplace stress. We help our employees with various company offerings and financial support. Since the end of 2015, we have offered the 'Active Lunch Break' once a week - a short exercise routine to relax and strengthen stressed muscles - at the Hamburg production site as well as in the administration building in Süderstrasse. Massage appointments are part of the fixed offer in Gallin, as are company sports groups. At the Hamburg headquarters, a leisure centre is available to all employees, offering around 40 courses per week, a swimming pool, and a weight room. Around 2,600 members (employees, retirees and family members) use this service regularly. Tchibo employees in the sales force and in Tchibo shops can claim subsidies for different fitness programmes in Germany.

My Nutrition

Diverse, healthy and sustainable food is served at the Nordlicht staff restaurant at the Hamburg headquarters, and in the staff restaurants at the production and logistics sites. One special feature is that the food is freshly prepared each day.

My Family

Offers related to the theme of 'family' are systematically geared to the individual needs of our employees and their requirements at different stages of their lives. We define 'family' to mean all domestic partnerships that assume long-term social responsibility. This includes parents as well as children, spouses/ long-term partners, siblings, and grandparents.

In August 2010, Tchibo became the first retail company in Germany to be certified as a 'family-conscious employer' by berufundfamilie gGmbH, an initiative by the Hertie Foundation, for our commitment to work-life balance. In 2013 we were re-certified until the end of August 2016.

An integral part of our commitment to achieving a healthy work-life balance are our offers for parents with young children. We have a 'connection concept' in place to facilitate their return to work after parental leave. In 2015 we teamed up with the Verein Väternetzwerk (Fathers Network association) to host two events at Tchibo headquarters especially for our male staff. We also help in the search for childcare places. At the childcare centres we work with near the Hamburg headquarters, a total of 43 day-care spaces are available for employees. In Hamburg we also cooperate with 'kidz playground', a professional provider of children's holiday camps, to offer various programmes that provide child care during the school holidays. pme Familienservice GmbH, an organisation we have worked closely with for many years, provides help in sourcing emergency care. Children's sports courses and leisure activities round off our offerings.

We also cooperate with pme Familienservice GmbH on matters related to 'caring for family members'. Since 2014, our cooperation has included consultation for staff caring for family members, and assistance in the

sourcing of care services. In 2015, we gave various presentations at Head Office and other sites on the subject of care and dementia. We also developed a brochure entitled 'The Challenge of Providing Care', with information on topics such as laws governing care, and nursing and living wills.

Pilot project: New Workplaces@Tchibo

In 2015, Tchibo launched the New Workplaces@Tchibo pilot project in the Coffee Marketing department (CO). Since November, CO employees have been working in new working environments. They no longer have fixed

My (Working) Time

At Tchibo we apply the principle of trust-based working hours, because for us what counts is an employee's actual performance. 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.

workplaces for all activities, but can pick their workplace according to the task at hand, choosing from work, communication, creative, and rest zones.

Flexible working worlds

The New Workplaces@Tchibo pilot project is based on the guiding principle that workplaces should be adapted to the employee's needs rather than vice versa. We want to provide the best possible support for the employees' various activities by providing them with the suitable office environment for each task. A new and different interior design also enables us to provide new impetus for innovation and collaboration, because different workspaces with different atmospheres offer specific opportunities for collaboration and networking, for concentration and tranquillity, for creativity and brainstorming.

The flexible new work environments also enhance our attractiveness as an employer, as the newly created, much more flexible spaces allow employees to fully develop their individual potential, which helps us to better win and retain talent. Last but not least, desk-sharing and mobile working from and at different workstations increases space efficiency and cuts costs. Analyses have shown that around 35 % of office workstations are unused during holidays, illness, training and other measures.



Providing impetus for innovation and collaboration: NewWorkplaces@Tchibo.

Zones for tranquillity and for interaction

In practice, this is how the concept is put into action in the Coffee Marketing department: employees are rotated to desk islands at the window or atrium side of the room in the Work Zones. Every employee has a Caddy with their notebook and their most important documents, which they take with them when they choose a workplace in the morning. The Communications Zone is equipped with a large conference table and a media trolley. The Creative Zone consists of a ‘tunnel’ with a high desk and

chairs, as well as integrated technology. The writable whiteboard mounted on the outside, coupled with stools to sit on, serve as a combined Communications and Creative Zone. The Quiet Zone consists of a glass think tank equipped with seats and a telephone, and a corner with lounge seating.

After an initial evaluation, the approach is now being rolled out to another department.

Recognising high levels of dedication and performance

Our employees receive attractive, fair and performance-based remuneration. Our compensation structure is based on the principles of market comparability, fairness, transparency, and plausibility. We pay the target bonus as a percentage of basic salary. Salary reviews are scheduled immediately following the appraisals, ensuring that salaries are determined with a focus on performance. In the remuneration of staff at our Tchibo shops, we take our cue from collective agreements for the retail trade. With the introduction of the Minimum Wage Law in early 2015, Tchibo is not only responsible for paying its own employees the minimum wage; we also have a responsibility to contractors’ employees. Therefore, we have introduced

various instruments for monitoring compliance including, in 2016, the establishment of an internal email address to which complaints or information about violations by contractors can be sent.

We see attractive voluntary benefits in recognition of all our employees’ exceptional dedication and performance as an integral part of a good corporate culture. Our voluntary benefits include a company pension plan, Group accident insurance, and workplace health promotion. New additions to the package are employee discounts for Tchibo Travel, external discounts, and cultural offerings.

Social commitment: shouldering responsibility for society, together

As an active member of society, Tchibo takes responsibility beyond the boundaries of its own business activities. For instance, in July 2015 we participated in the Social Day run by the children’s organisation ‘Schüler Helfen Leben e.V.’ For a day, pupils ‘work’ at a job in

an organisation instead of going to school. Their ‘pay’ for their work is donated to youth and educational projects in south Eastern Europe and Germany, and to Syrian children and teenagers.

Committed to helping refugees

As a globally operating company, Tchibo sees the provision of support to refugees as an essential part of social responsibility. Under the umbrella of the ‘Wir zusammen – Integrations-Initiativen der deutschen Wirtschaft’ (We Together – Integration Initiatives by German Business) platform, we contribute sustainably

to integrating refugees into society and the German labour market. We have defined specific support measures and focus our efforts on three areas: cooperation and corporate volunteering, employment, and needs-based in-kind donations.

Corporate Volunteering

Employees from our company get involved personally and locally: on our pilot ‘Corporate Volunteering Day’ in January 2016, 24 Tchibo employees sorted clothes at a Hamburg reception centre for refugees. Due to the positive feedback from this voluntary social action we are currently planning a long term corporate volunteering programme. In addition to the reception centre, we would like to work with a

school in Hamburg. On 2 June, the first joint support measures began with a refreshments stall at a summer party at the primary school. In future, Tchibo employees can volunteer with the school by accompanying the children on day trips, helping in the daily routine and assisting with breakfast, or serving as mentors.

Employment for refugees

Two business interns with residence status started work at Tchibo in February 2016. One of them has now been hired in a regular employment relationship. We are also currently preparing more places for internships

and the ‘preparation for vocational training for migrants’ (AvM Dual) programme, e.g. in the staff restaurant and the roasting plant. The aim is to hire a minimum of ten young refugees as interns in 2016.

Needs-based donations for refugees

In 2015, we donated urgently needed things like toys, bedding, winter clothes and suitcases with a retail value of around two million euros. The donations were made to accredited charities in Germany, Austria and Turkey via the German and the Austrian Red Cross and the Turkish aid organisation Kizilay (Turkish Red Crescent). We are continuing these needs-based donations in 2016.

With the company’s support, employees at the head office organised an in-house collection for the clothing centre for refugees at the Hamburg exhibition centre. More than 130 bags and 50 boxes of clothes were donated, as well as pushchairs, toys and more.



FACTS AND FIGURES

KEY PERFORMANCE INDICATOR

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 2015 we report on key developments in our value chains and fields of action in a transparent, fact-focused manner and based on 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.

Figures for 2013 to 2015 apply for the calendar year in each case, and refer to the sustainability-relevant business activities of Tchibo GmbH, its subsidiaries and locations in Germany. Our international subsidiaries are also included wherever 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 2015. The purchasing and production figures refer to the quantities purchased or produced in the reporting year. Other divergences in the scope of the reporting are indicated accordingly.

Each of the figures is separately rounded off, which can lead to slight discrepancies in the sum totals. We changed the methodology for calculating CO₂-emissions in the supply chain and at our sites in 2014, adapting these indicators to the latest accounting standards and thereby ensuring the validity of the data. As part of this, the prior-year figures were also recalculated.

Indicators for the 2014 calendar year that were audited by an independent auditing company are labelled with a certification mark (✔).

Sustainable Business Governance		Unit	2013	2014	2015
Revenues Tchibo revenues	Total	Mrd. €	3.5	3.4	3.4
Coffee value chain		Unit	2013	2014	2015
Sustainable Coffee Share of green coffees covered by the Tchibo Sustainability Concept as a percentage of the total volume of green coffee that was delivered to Tchibo and third-party roasting plants for production during the reporting period.	Total	%	30.4	34.3 ✔	41.2
Tchibo Joint Forces!® projects Number of projects that are ongoing or have been completed under the Tchibo Joint Forces!® program since 2011.	Total	number	6	7	13
Non Food value chain		Unit	2013	2014	2015
Portfolio of producers and strategic alignment					
Producers Number of producers who produced Non Food items for Tchibo in the main selling year (Hauptverkaufsjahr – HVK).	Total	number	808	780	690
SCoC signatories Share of producers who have signed the Social and Environmental Code of Conduct (SCoC).	Total	%	100	100	100
Direct business Share of directly purchased projects as a percentage of all purchasing projects.	Total	%	57.1	64.4	70.3
WE Producers Number of producers who have participated in the Worldwide Enhancement of Social Quality (WE) qualification program since 2007.	Total	number	284	320	323
WE Producers in HVK Number of WE producers who produced for Tchibo in the main selling year (HVK).	Total	number	221	230 ✔	218

Non Food value chain		Unit	2013	2014	2015
Portfolio of producers and strategic alignment					
WE Products Share of purchasing projects that was realized using WE Producers.	Total	%	58.3	60.7	60.8
WE purchasing volume Share of purchasing volume that was realized through WE Producers.	Total	%	72	66.2	66.8
WE purchasing volume in at-risk countries¹ Share of purchasing volumes from at-risk countries that was produced by WE producers.	Total	%	-	73.8	73.8
core suppliers (number) Number of suppliers with master contracts. Known as ‘core suppliers’, they can have goods produced for Tchibo at more than one producer/factory.	Total	number	41	42	42
Core suppliers (share) Share of core suppliers as a percentage of purchasing projects.	Total	%	28.2	31.4	37.0
Countries					
Producing countries Share of purchasing projects per manufacturing country.	China	%	65.0	61.9	57.4
	Germany	%	7.7	7.7	7.8
	Turkey	%	4.9	6.4	6.8
	Bangladesh	%	3.8	4.2	5.5
	Vietnam	%	2.2	2.5	2.7
	Other²	%	16.4	17.3	19.8
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	%	68.5	71.3	71.2
	Bangladesh	%	98.1	100	100
	Cambodia	%	51.9	70.3	92.6
	Laos	%	91.3	95.2	100
	India	%	25.9	67.3	74
	Turkey	%	86.5	88.3	75.9
	Vietnam	%	87.3	72.9	76.1
Social and environmental audits: Monitoring³					
Social and environmental audits by type of audit Number of internal and external Social and environmental audits performed, by type of audit.⁴	Total	number	-	586	595
	Internal social and environmental audits	number	-	439	375
	Externe Sozial- und Umweltaudits	number	113	147	220⁵
Social and environmental audits by country For 2013: Number of external Social and environmental audits performed, by manufacturing country For 2014 and 2015: Number of internal and external social and environmental audits performed, by manufacturing company.	Total	number	113	586	595
	Bangladesh	number	7	17	9
	China	number	54	407	377
	India	number	21	67	68
	Thailand	number	2	7	6
	Turkey	number	13	16	11
	Vietnam	number	6	21	43
	Other⁶	number	10	51	81

¹ In the reporting period, we treated all manufacturing countries (see also the ones listed under “Others”) except EU countries, Israel, Japan, Switzerland, South Korea and the U.S. as at-risk countries. These latter countries were ruled out in a risk analysis, as they have other effective mechanisms in place for ensuring compliance with social and environmental standards (e.g. a functioning legal system, press freedom and tighter controls by government agencies).

² 42 countries: AT, BA, BE, BG, CH, CZ, DO, DK, EG, ES, ET, FR, GB, GR, HU, ID, IL, IN, IT, JP KH, LA, LB, LK, LT, LV, MM, MY, NL, PK, PL, PT, RO, RS SE, SI, SK, TH, TN, TW, US, XS.

³ Social and environmental audits by results are no longer shown, as a systematic survey is not possible – only snapshots whose significance or informative value would be limited. (as of 31 Dec 2015)

⁴ As of 2014, we began showing internal social and environmental audits as well. While they were also carried out in 2012 and 2013, we did not record how many.

⁵ Audits at upstream suppliers (e.g. packaging and other upstream steps), again, for methodology reasons more audits than proof; minimum wage audit Germany.

⁶ Other 2013: Egypt, Cambodia, Sri Lanka, Pakistan, Taiwan. Other 2014: Egypt, Dominican Republic, Hong Kong, Indonesia, Cambodia, Laos, Lebanon, Malaysia, Myanmar, Pakistan, Sri Lanka, Taiwan, Ukraine, Cyprus. Other 2015: Egypt, Bosnia-Herzegovina, Germany, UK, Indonesia, Cambodia, Lebanon, Malaysia, Macedonia, Myanmar, Sri Lanka, Pakistan, Taiwan, Tunisia, Ukraine.

Non Food value chain		Unit	2013	2014	2015
Sustainable Resources and Products ⁷					
Responsibly produced cotton <small>Share of textiles made from/with 'Organic Cotton', 'Cotton made in Africa', 'Better Cotton Initiative' or GOTS.</small>	Total	%	70	85	80
Sustainable viscose <small>Share of textiles containing man-made cellulose fibers, made from responsible sources and to eco-friendlier standards in cooperation with Lenzing AG.</small>	Total	%	45	60	64
Wood and paper from responsible sources <small>Share of products with a wood/cellulose component (except textiles) that are certified compliant with the criteria of the Forest Stewardship Council (FSC[®])</small>	Total	%	6	57	40
Chrome-free tanned leather <small>Share of leather products made from chrome-free tanned leather.</small>	Total	%	10	65	98

Environment		Unit	2013	2014	2015
Logistics					
Transport-related CO ₂ eq-emissions (average) <small>CO₂eq-emissions caused by the transport of Tchibo products, as a proportion of total ton-kilometers⁸.</small>	Total	g/tkm	13.64	13.04	14.36
Transport-related CO ₂ eq-emissions (absolute) <small>CO₂eq-emissions caused by the transport of Tchibo products, not adjusted for volume.⁹</small>	Total	t	61.954	59.837	59.477
	Ocean-going vessels	t	34.428	33.265	26.695
	Truck	t	19.570	20.384	22.491
	Rail	t	6.697	4.274	4.264
	Air	t	1.171	1.840	5.999 ¹⁰
	Inland waterway vessels	t	88	74	47
Relative reduction of transport-related CO ₂ eq-emissions <small>Share in transport-related CO₂eq-emissions, by mode of transport used.</small>	Average CO ₂ eq-emissions in g/tkm	%	-30.9	-31.5	-27.3 ¹¹
	Absolute CO ₂ eq-emissions in t	%	-51.8	-53.4	-53.7
Transport-related CO ₂ eq-emissions by mode of transport <small>Share in transport-related CO₂eq-emissions, by mode of transport use.</small>	Ocean-going vessels	%	55.6	55.6	44.9
	Truck	%	31.6	34.1	37.8
	Rail	%	10.8	7.1	7.1
	Air	%	1.9	3.1	10.10 ¹²
	Inland waterway vessels	%	0.1	0.1	0.1

⁷ In the past, the project number of the main selling period (HVK) of the following year was used as the basis for the indicators relating to sustainable resources and products. For the reporting year 2015, we for the first time used the numbers from the main selling period (HVK) of the reporting year in question. This has also changed the indicators retrospectively.


⁸ Ton-kilometers 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 kilometers.

⁹ In 2014, the values were for the first time, and retroactively for 2013, calculated in accordance with DIN EN 16258. CO₂-equivalents (CO₂-eq) take into account not only carbon dioxide, but also other greenhouse gases such as methane and nitrous oxide.

¹⁰ The expanded integration of air transports has also reduced the relative savings. All "integrated transport" measures are also included in the reduction program.

¹¹ As part of the decision to reduce emissions by another 10 %, it was resolved to expand the scope to include logistics transports carried out by service providers. This extension of the scope will be further rolled-out in the years ahead, and has led to a slight reduction in the savings compared with earlier years. The resulting expanded integration of air transports has reduced the relative savings. All "integrated transport" measures are also included in the reduction program.

¹² The expanded integration of air transports has also reduced the relative savings. All "integrated transport" measures are also included in the reduction program.

Environment		Unit	2013	2014	2015
Sites and Tchibo Shops					
Energy consumption at sites <small>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.</small>	Total	MWh	123.478	117.246	117.070
	By type of energy				
	Electricity	MWh	59.681	55.616	55.993
	Gas	MWh	57.991	56.338	55.784
	District heat	MWh	4.699	3.997	4.069
	District cooling	MWh	1.107	1.295	1.224
	By type of site				
	Administrative (off.)	MWh	11.419	10.866	10.739
	Tchibo Shops	MWh	23.292	20.825 ¹³	21.761
	Roasting plants	MWh	75.533	73.829 ¹⁴ 	72.643
	Warehouse	MWh	13.234	11.726 ¹⁵	11.927
	CO ₂ -emissions from energy consumption at sites ¹⁶ <small>CO₂-emissions caused by energy consumption at our sites.¹⁷</small>				
	Total	t	51.082	47.307	45.480
	Electricity	t	34.854	31.646 	29.956
	Gas	t	14.498	14.085	13.946
Electricity obtained from renewable energy sources <small>Share of electricity obtained from renewable sources.</small>	District heat	t	1.400	1.191	1.213
	District cooling	t	330	386	365
	Total	%	100	100	100
	Administrative (off.)	%	100	100	100
	Tchibo Shops	%	100	100	100
	Roasting plants	%	100	100	100
		%	100	100	100
	Warehouse				
	Mobilität				
	Distances covered on business trips <small>Total distance traveled by Tchibo employees on business trips.</small>				
	Total	km	37.835.840	32.999.885	30.501.139
	Company vehicles	km	21.064.213	15.474.004 ¹⁸	15.000.629
	Air	km	13.622.054	13.971.862	12.620.598
	Rail	km	2.737.876	3.155.566	2.570.292
	Rental cars	km	411.697	398.453	309.620
CO ₂ -emissions associated with business trips <small>CO₂-emissions associated with business trips by Tchibo employees.¹⁹</small>	Total	t	5.151	3.856	4.082
	Company vehicles	t	3.455	2.470 ²⁰	2.540
	Air	t	1.545	1.228	1.418
	Rail	t	101	108	84
	Rental cars	t	50	51	40
Fuel consumption of the Tchibo fleet of cars and associated CO ₂ -emissions <small>CO₂-emissions from fuel consumed by the Tchibo fleet of cars.</small>	CO ₂ -emissions	t	3.455	2.470	2.540
	CO ₂ -emissions average)	g/km	120	119	116
	Fuel consumption	1.000 l	1.320	944	971

¹³ The reduced energy consumption results from changes in the [floorspace] area of our Tchibo Shops.

¹⁴ Thanks to technical and organizational measures taken as part of our energy management system, specific energy consumption (per ton of roasted coffee) was lowered by 2.3 % compared with 2013.

¹⁵ The decline in energy consumption results mainly from a less severe winter.

¹⁶ Compared with the figures published for the previous year, the 2013 value includes not only CO2 emissions from electricity consumed, but also emissions generated in connection with gas, district heat and district cooling.

¹⁷ 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 2015", UBA 26/2016 were used. The calculation basis for gas, district heat and district cooling are the CO₂-equivalent-emission-factor in accordance with GEMIS 2016, 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 2013 and 2014 figures.

¹⁸ The decline in distance covered is the result of an organizational change.

¹⁹ Calculated based on Öko-Institut emission factors (in accordance with 4.6) or information supplied by the service provider.

²⁰ The low CO₂-emissions value is the result of an organizational change.

Environment		Unit	2013	2014	2015
Paper					
Paper consumption at administrative sites (offices) and Tchibo Shops ²¹ Amount of paper used at Tchibo administrative, Shop (office paper, decoration and printed materials), and Depot (concession) sites (order magazines and decoration).	Total	t	21.724.45	1.302.525	328.097
	Conventional paper	t	938.59	434.503	102.242
	Recycled and FSC® paper	t	20.785.86	868.022	225.855
	Percentage breakdown				
	Conventional paper	%	4.3	33.4	31.2
	Recycled and FSC® paper	%	95.7	66.6	68.8
Packaging					
Packaging materials brought into circulation Volume of packaging materials brought into circulation by Tchibo.	Total	t	20.241	20.462	19.172
	Paper/cardboard	t	14.985	15.471	14.231
	Plastics	t	2.403	2.356	2.116
	Composite packaging	t	2.334	2.172	2.328
	Glass	t	489	434	454
	Aluminum	t	7	6	8
	Tin	t	12	17	23
	Other	t	11	7	12
Water					
Water consumption Annual water consumption at administrative offices in Hamburg and at warehousing sites.	Total	m³	34.042	37.279	32.593
	Administrative sites	m³	24.262	26.400 ²²	24.623
	Warehousing sites	m³	9.780	10.879 ²³	7.970

Employees		Unit	2013	2014	2015
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	8.851	8.264 ²⁴	7.715
	Woman	number	7.212	6.738	6.221
	Men	number	1.639	1.526	1.494
Trainees and apprentices Number of apprentices and Trainees, by gender.	Apprentices	number	163	151	160
	Woman	number	100	93	104
	Men	number	63	58	56
	Trainees	number	11	8	4
	Woman	number	10	6	3
	Men	number	1	2	1
Employees by area of deployment Number of Employees broken down by area of deployment and gender.	Tchibo Shops	number	5.607	5.271	4.804
	Woman	number	5.486	5.157	4.704
	Men	number	121	114	100
	Back office	number	2.626	2.498	2.423
	Woman	number	1.593	1.466	1.412
	Men	number	1.033	1.032	1.011
	Sales force	number	419	308	292
	Woman	number	113	94	84
	Men	number	306	214	208
	Roasting plants	number	199	187	196
	Woman	number	20	21	21
	Men	number	179	166	175

²¹ In 2014, the survey methodology was changed, so that other paper consumptions such as transport materials, are now shown. Also, following a change in the purchasing system[atics], additional promotional and auxiliary materials were included. Please note that the absolute yearly values are only comparable to a limited degree, as paper consumption fluctuates wildly from one year to the next due to the time of the orders and the length and scope of warehousing.

²² The higher water consumption was the result of a hot summer and the larger number of employees.

²³ Burst pipes in the freshwater supply at Gallin led to the loss of approx. 1,500 m³ of water, which resulted in higher total water consumption.

Environment		Unit	2013	2014	2015
Personnel structure					
Employees by type of employment Share of employees with a full-time or part-time employment contract, by gender.	Part-time	%	65.7	66.6	65.4
	Woman	%	96.3	96.5	96.3
	Men	%	3.7	3.5	3.7
	Full-time	%	34.3	33.4	34.6
	Woman	%	53.0	51.8	51.0
	Men	%	47.0	48.2	49.0
Employees by type of contract Share of employees with a permanent or temporary employment contract, by gender.	Permanent	%	81.0	83.0	86.0
	Woman	%	79.0	80.0	80.0
	Men	%	21.0	20.0	20.0
	Temporary	%	19.0	17.0	14.0
	Woman	%	91.0	91.0	89.0
	Men	%	9.0	9.0	11.0
Distribution of wage levels (as defined by the Hay Group method) Wage levels according to Hay Group method, by gender.	Wage levels 1-7	%	54.5	50.5	50.5
	Woman	%	58,6	58,7	51.7
	Men	%	41.4	41.3	42.9
	Wage levels 8-9	%	34.6	38.6	38.9
	Woman	%	51.9	52.9	53.4
	Men	%	48.1	47.1	46.6
	Wage levels 10-12	%	9.9	9.9	9.5
	Woman	%	33.5	36.0	35.7
	Men	%	66.5	64.0	64.3
	Higher wage levels	%	1.1	1.0	1.0
	Woman	%	11.1	17.4	13.0
	Men	%	88.9	82.6	87.0
	< 30 y.o.	%	18.0	16.7	14.3
	Woman	%	82.2	80.9	79.0
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.	Men	%	17.8	19.1	21.0
	30–50 y.o.	%	54.5	54.0	53.4
	Woman	%	80.4	80.6	79.6
	Men	%	19.6	19.4	20.4
	> 50 y.o.	%	27.6	29.3	32.4
	Woman	%	83.1	83.6	83.1
	Men	%	16.9	16.4	16.9
	German citizens	%	93.9	93.4	93.5
	EU citizens	%	3.1	3.3	3.5
	non-EU citizens	%	3.0	3.3	3.0
	Tchibo GmbH	%	4.8	5.1	5.4
	Tchibo Manufacturing	%	11.1	10.2	11.0
	Average share	%	5.0	5.2	5.5

²⁴ Verringerte Mitarbeiterzahl aufgrund einer organisatorischen Veränderung.

Employees		Unit	2013	2014	2015
New hires and exits					
New hires New hires (not including apprentices and trainees), by age group, gender and area of deployment.	Total	number	1.647	1.216	885
	Woman	number	1.439	1.041	754
	Men	number	208	175	131
	By age group and gender				
	< 30 y.o.	number	691	533	397
	Woman	number	598	463	348
	Men	number	93	70	49
	30-50 y.o.	number	838	587	428
	Woman	number	735	494	349
	Men	number	103	93	79
	> 50 y.o.	number	117	96	60
	Woman	number	106	84	57
	Men	number	11	12	3
	By area of deployment and gender				
	Tchibo Shops	number	1.315	984	670
New apprentices and trainees Number of new apprentices and trainees, by gender.	Woman	number	1.235	925	638
	Men	number	80	59	34
	Back office	number	282	204	187
	Woman	number	180	106	111
	Men	number	102	98	76
	Sales reps	number	43	26	16
	Woman	number	24	9	6
	Men	number	19	17	10
	Roasting plants	number	7	2	12
	Woman	number	0	1	1
	Men	number	7	1	11
	Apprentices	number	23	43	57
	Woman	number	12	23	40
	Men	number	11	20	17
	Trainees	number	10	6	3
Fluctuation/Churn rate Employee departures in relation to the average headcount, by area of deployment and gender.	Woman	number	9	4	3
	Men	number	1	2	0
	Total	%	9	9.5	10.2
	Woman	%	9.3	10.1	10.7
	Men	%	7.7	6.7	8.1
	By area of deployment and gender				
	Tchibo Shops	%	11.1	12	12.2
	Woman	%	10.7	11.6	12
	Men	%	32.7	32.5	25
	Back office	%	5.5	5.3	7.2
	Woman	%	4.9	5.4	6.7
	Men	%	6.4	5.2	8.0
	Sales reps	%	6.5	5.9	6.0
	Woman	%	6	8.5	9.7
	Men	%	6.6	4.7	4.2
	Roasting plants	%	2	3	3.5
	Woman	%	0	0	0
	Men	%	2.2	3.4	4

Employees		Unit	2013	2014	2015
New hires and exits					
Reasons for leaving Reasons for leaving, by type and gender.	Termination by employees	%	66.1	74.0	71.4
	Woman	%	86.7	89.7	88.4
	Men	%	13.3	10.3	11.6
	Amicable dissolutions	%	27.4	20.1	23.4
	Woman	%	83.3	84.3	78.9
	Men	%	16.7	15.7	21.1
	Occupational disability/incapacity to work	%	1	1.4	1.7
	Woman	%	100	100	100
	Men	%	0	0	0
	Death	%	0.8	0.7	0.7
	Woman	%	57.1	66.7	66.7
	Men	%	42.9	33.3	33.3
	Exits without provision of reasons	%	4.6	3.7	2.9
	Woman	%	57.9	65.6	69.2
	Men	%	42.1	34.4	30.8
Talent management					
Hours of training ²⁵	Total	hours	-	-	31.876
Employee training	Total	number	-	-	2.939
Completed apprenticeships/traineeships Number of apprentices and trainees who completed their training, by area of deployment and gender.	Total	number	44	59	39
	Shop	number	21	32	14
	Back office	number	19	22	21
	Sales reps	number	0	0	0
	Roasting plants	number	4	5	4
	Woman	number	32	36	23
	Men	number	12	23	16
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	158	138	128
	Tchibo Shops	number	94	82	75
	Back office	number	61	50	49
	Sales reps	number	3	5	4
	Roasting plants	number	0	1	0
Integration Parental leave after 3 Months ²⁶ 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	%	71.5	71.5	66.0
	Tchibo Shops	%	70.0	73.0	65.0
	Back office	%	75.0	70.0	74.0
	Sales reps	%	33.0	80.0	25.0
	Roasting plants	%	0	100.0	0

²⁵ 2015 marked the first-time survey of total training hours and employee training. The financial expenditure on this will not be surveyed in future.

²⁶ As at 28 Feb 2015, 95.6 % of all employees who had been reintegrated at the end of their parental leave in 2013, still worked for Tchibo.

Employees		Unit	2013	2014	2015
Occupational health management					
Workplace accidents per 1,000 Employees <small>Workplace accidents per 1,000 Employees (not counting smaller accidents; cumulated across our production and warehousing sites, Tchibo Shops, and administrative offices).</small>	Total	number	29	22	19
Days of absence <small>Number of paid sick days in relation to the average number of employees.</small>	Total	number	11.4	11.7	11.8
	Woman	number	12.1	12.6	12.5
	Men	number	8.1	7.7	8.8
By area of deployment and gender					
	Tchibo Shops	number	13	13.5	13.3
	Woman	number	13	13.5	13.3
	Men	number	12.3	10.4	10.8
	Back office	number	8.8	8.6	9.3
	Woman	number	9.5	9.6	10
	Men	number	7.6	7.1	8.1
	Sales reps	number	6.6	6	7.6
	Woman	number	9	6.8	10.9
	Men	number	5.7	5.6	6
	Roasting plants	number	12.8	12.7	15
	Woman	number	14.9	17.8	14.6
	Men	number	12.5	12	15
Rate of absence <small>Share of paid sick hours in relation to total number of target working hours, for a 12-month period.</small>	Total	%	4.4	4.5	4.7
	Woman	%	4.8	4.9	5.0
	Men	%	3.3	3.2	3.8
By area of deployment and gender					
	Tchibo Shops	%	5	5.2	5.1
	Woman	%	5	5.2	5.1
	Men	%	5	4.5	4.1
	Back office	%	3.9	3.9	4.3
	Woman	%	4.4	4.5	4.9
	Men	%	3.2	3.1	3.6
	Sales reps	%	2.9	2.6	3.3
	Woman	%	4.1	3.2	5.2
	Men	%	2.4	2.3	2.5
	Roasting plants	%	5.3	5.4	6.2
	Woman	%	7.1	8.2	6.9
	Men	%	5.1	5	6.1
Work-related fatalities <small>Number of work-related fatalities in the total workforce and at independent contractors.</small>	Total	number	0	0	0

VOLUNTARY COMMITMENTS AND MEMBERSHIP

Voluntary Commitments

- Accord on Fire and Building Safety in Bangladesh (since 2012)
- Bündnis für nachhaltige Textilien/Partnership for Sustainable Textiles (Germany) (since 2015)
- United Nations Global Compact (UNGC) (since 2009)
- Detox Commitment (since 2014)
- Fur Free Retailer Program (since 2013)

Memberships and Cooperation Partners

- Außenhandelsvereinigung des Deutschen Einzelhandels e. V. (AVE)/Foreign Trade Association (FTA) (since 2009)
- berufundfamilie gGmbH (since 2010)
- Bundesverband E-Commerce und Versandhandel Deutschland e. V. (bevh) (since 1971)
- Biodiversity in Good Company (since 2012)
- Bündnis für Verbraucherbildung/Alliance for Consumer Education (Germany) (since 2013)
- Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e. V. (B.A.U.M.) (since 2008)
- Carbon Performance Improvement Initiative (CPI₂) (since 2011)
- Clean Cargo Working Group (CCWG) (since 2012)
- Coffee & Climate (since 2010)
- Cotton made in Africa (CmiA) der Aid by Trade Foundation (since 2007)
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) (since 2008)
- Deutscher Kaffeeverband e. V. (seit 1951)
- Ethical Trading Initiative (ETI) (since 2010)
- Fairtrade (since 2008)
- Forest Stewardship Council® (FSC®) (since 2010)
- Global Coffee Platform (since 2016)
- Global Organic Textile Standard (GOTS) (since 2014)
- Handelsverband Deutschland (HDE e. V.) (since 1974)
- Institut für Markt-Umwelt-Gesellschaft (imug) (since 2007)
- IndustriALL Global Union/ACT on living wages (since 2014)
- International Coffee Partners (ICP) (since 2001)
- Initiative Pro Recyclingpapier (IPR) (since 2008)
- Institute for Scientific Information on Coffee (ISIC) (since 1998)
- Rainforest Alliance (since 2006)
- Save our future (S.O.F.) (since 2013)
- Save the Children (since 2012)
- ShortSeaShipping Inland Waterway Promotion Center (SPC) (since 2015)
- Social Accountability International (SAI) (since 2006)
- Sustainable Agriculture Initiative (SAI) Platform (since 2005)
- Textile Exchange (since 2008)
- UTZ Certified (since 2011)
- 4C Association (since 2004)

CONTACT DETAILS

WE LOOK FORWARD TO HEARING FROM YOU

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 by sending an email to service@tchibo.de.



Achim Lohrie
Director Corporate Responsibility
Tchibo GmbH
Überseering 18
D-22297 Hamburg

Tel. +49 (0)40 63874839
E-Mail corporateresponsibility@tchibo.de



Monika Focks
Category Leader Corporate Responsibility
Corporate Communications & Stakeholderreporting
Tchibo GmbH
Überseering 18
D-22297 Hamburg

Tel. +49 (0)40 63873566
E-Mail corporateresponsibility@tchibo.de

PUBLISHING CREDITS & LEGAL STATEMENT

Responsible for the content
Tchibo GmbH
Corporate Responsibility (CR)

Überseering 18
D-22297 Hamburg
Tel. +49 (0)40 63870

Director Corporate Responsibility
Achim Lohrie

Category Leader CR
Corporate Communications & Stakeholderreporting
Monika Focks

Chairman of the Supervisory Board
Michael Herz

Management Board
Dr. Markus Conrad (Vorsitzender),
Holger Bellmann, Senay Küçük Tansu,
Thomas Linemayr, Yves Müller,
Ines von Jagemann, Carsten Wehrmann

Veröffentlichung Oktober 2016

Editorial
Scholz & Friends Reputation, Berlin

Graphic concept and design
Schön Communication, Hamburg

Printing
Langebartels & Jürgens Druckereigesellschaft mbH

Paper
Extra Plus matt, Profibulk 1.1



FACTS AND FIGURES

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS 2015

Tchibo joined the United Nations Global Compact (UNGC) on 18 November 2009, and thus expressly commits to the ten UNGC principles concerning human rights, labour standards, environmental protection and anti-corruption, and their implementation in its business processes. We advocate a credible and sustainable corporate policy. Our CEO, Dr Markus Conrad, confirms this stance in his foreword to Tchibo GmbH's Sustainability Report 2015.

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

The ten principles are based on:

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

2012 marks the first time that Tchibo is reporting to meet the UNGC Advanced Level, meaning we now go beyond the minimum requirements and provide information on how we comply with the best practices outlined in the 21 'GC Advanced' criteria. The Communication on Progress is based on the Tchibo Sustainability Report 2014 as well as the Tchibo Sustainability Report 2015. The following table shows our policies and systems, the measures we have taken, and the progress made.



STRATEGY, GOVERNANCE AND ENGAGEMENT

Policies, systems and measures		Links
<p>Criterion 1 Mainstreaming into corporate functions and business units</p>	<ul style="list-style-type: none">• Responsible corporate governance is integrated in our corporate strategy since 2006.• Formulation of the strategic core objective: Tchibo on its way to become a 100% sustainable business.• Integrated system of goals comprises key objectives and sub-goals for all fields of action.• Corporate Responsibility department: Coordination with the departments, review of targets/goals and annual reporting to the CEO and the full board.• Tchibo Social and Environmental Code of Conduct (SCoC) applies to all consumer goods suppliers and partners.• Integrated risk management addresses company risks.• Sustainable development of the coffee sector through cooperation with all internationally accredited standards organisations, partners and via our own programmes (Tchibo Joint Forces!®).• To guard against supply chain risks, social and environmental requirements are integrated in the purchasing processes.• Qualification of consumer goods suppliers as part of our WE programme (Worldwide Enhancement of Social Quality).• Compliance with the SCoC in the Consumer Goods value chain is reviewed as part of our supplier monitoring.• Address systemic and structural challenges by teaming up with other protagonists. Tchibo has been a member of the Global Coffee platform since 2015 and has a seat in the steering committee. Signing a Memorandum of Understanding with IndustriAll Global Union to improve the processes of salary fixing in Cambodia or Bangladesch.	<ul style="list-style-type: none">• Sustainable Business Governance/Aspiration, strategy and governance > (p.16)• Sustainable Business Governance/Governance > (p.20)• Sustainable Business Governance/Aspiration, strategy and governance > (pp.16-19)• Coffee Value Chain/ Sustainable development of the coffee sector > (p.24)• Non Food Value Chain/ Strategy and management > (p.33)• Non Food Value Chain/ Expanding long-term supplier relationships > (pp.39-41)• Facts and Figures/ Commitments and memberships > (p.83)
<p>Criterion 2 Value chain implementation</p>		

HUMAN RIGHTS

- Principle 1: Support and respect internationally proclaimed human rights
Principle 2: Eliminate any participation in human rights abuses

Policies, systems and measures		Links
<p>Criterion 3 Robust commitments, strategies or policies in the area of human rights</p>	<ul style="list-style-type: none">• The UN Guiding Principles on Business and Human Rights and the principles of sustainable development based on the Rio-declaration of 1992 provide the framework for socially responsible conduct in the Non Food supply chain.• Code of Conduct (CoC) for Tchibo employees and SCoC for consumer goods suppliers and partners are based on the principles of the International Labour Organisation (ILO).• Regular Code of Conduct training for all Tchibo employees.• All suppliers receive the Code of Conduct as part of the contract.• Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, Group audit, other audits and projects and programmes carried out by Tchibo and its partners.• Establishment and expansion of socially compatible coffee cultivation through own programmes, continued and intensified collaboration with all internationally accredited standards organisations, and involvement in initiatives at regional and national level.• 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, trade unions, policy makers and other trade companies in initiatives that strengthen the industry-wide improvement of workers' situation in the factories.	<ul style="list-style-type: none">• Non Food Value Chain/ Responsible business practices > (p.34)• Sustainable Business Governance/Aspiration, strategy and governance > (p.8)• Coffee Value Chain/ Sustainable development of the coffee sector > (p.24)• Coffee Value Chain/ Education projects in the countries of origin > (pp.30-31)• Non Food Value Chain/ Responsible business practices > (p.34)• Non Food Value Chain/ Sustainable supply chain > (p.39)• Non Food Value Chain/ Working together for better workplace conditions in production > (pp.41-43)
<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>		

LABOUR		
Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining Principle 4: Eliminate all forms of forced and compulsory labour Principle 5: Eliminate child labour Principle 6: Eliminate discrimination in respect of employment and occupation		
Policies and systems and measures		Links
Criterion 6 Robust commitments, strategies or policies in the area of labour	<ul style="list-style-type: none">• Our Code of Conduct (CoC), based on the principles of the International Labour Organisation (ILO), defines the values and mandatory behaviour for the company as a whole as well as for each individual employee and formulates our understanding of fairness, ethical business, culture of diversity and equal opportunities.• Regular Code of Conduct training for all Tchibo employees.• Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, group audit, other audits and projects and programmes carried out by Tchibo and its partners.• No cases of discrimination during the reporting period.• We give our employees the opportunity to actively shape Tchibo's development via the statutory codetermination bodies (works council and the Supervisory Board).• In Guatemala: creation of alternatives to prevent unacceptable child labor through the provision of education and care for children of migrant workers and harvesters.• 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.• As part of our WE programme, we support strategic producers in achieving the observance of human rights and the lasting improvement of social and environmental conditions at the production sites.• Compliance with social and environmental standards will be reviewed in the course of our supplier-monitoring.• Together with other well-known brands, factories and retailers, and the international trade union confederation IndustriALL Global Union, we are involved in the ACT (Action, Collaboration, Transformation) Initiative for industry-wide wage negotiations. The aim of this initiative is to introduce a process whereby industry-wide collective bargaining between unions and employer representatives are linked with high production standards and responsible buying practices.• Tchibo has been a member of the Partnership for Sustainable Textiles since 2014.• Syrian refugees in the Turkish textile industry: the SCoC also applies to refugees: child labour, discrimination and underpayment are therefore prohibited. Contracts must be translated into Arabic.	<ul style="list-style-type: none">• Sustainable Business Governance/Aspiration, strategy and governance > (p.18)• Employees at Tchibo/ Company culture and values > (p.66)• Coffee Value Chain/ Education projects in the countries of origin > (p.30)• Non Food Value Chain/ Responsible business practices > (pp.34-35)• Non Food Value Chain/ Sustainable supply chain > (pp.39-41)• Non Food Value Chain/ Working together for better workplace conditions in production > (pp.42-43)
Criterion 7 Effective management systems to integrate the labour principles		
Criterion 8 Monitoring and evaluation mechanisms for labour principles integration		

ENVIRONMENTAL PROTECTION	
Principle 7: Support a precautionary approach to environmental challenges Principle 8: Undertake initiatives to promote greater environmental responsibility Principle 9: Encourage the development and diffusion of environmentally friendly technologies	
Policies and systems and measures	
Links	
Criterion 9 Robust commitments, strategies or policies in the area of environmental stewardship	<ul style="list-style-type: none">• Environmental experts, coordinated by the Directorate Corporate Responsibility, manage implementation in the departments.• Environmental guidelines were added in 2010 to our CoC.• We continuously reduce our CO₂-emissions caused by transportation with the "LOTOS" ("Logistics Towards Sustainability") programme.• Supply of energy for all German Tchibo sites with ok-power certified electricity from renewable sources only.• At our roasting plants we have introduced an energy management system in accordance with ISO 50001.• As part of our company-wide fleet strategy, we set annually reduced CO₂-emission limits for newly purchased vehicles. For the fourth time in a row, Tchibo received the "Green Card for Faithful Environmental Awareness" from the German Environmental Aid (Deutsche Umwelthilfe-DUH).• Our Packaging Strategy, developed in early 2015, sums up measures to reduce packaging-related paper and cardboard consumption.
Criterion 10 Effective management systems to integrate the environmental principles	<ul style="list-style-type: none">• Grievances in connection with environmental protection can be reported via the whistleblowing hotline, works council, legal department, group audit, other audits and projects and programmes carried out by Tchibo and its partners.• In cooperation with initiatives such as Coffee & Climate we help farmers to adapt to the repercussions of climate change.• The Tchibo Social and Environmental Code of Conduct (SCoC) defines mandatory environmental requirements that apply to the production of our entire consumer goods assortment.• Since 2014 targeted audits of factories are conducted to ensure compliance with standards.• As part of our WE programme, we support producers in reducing CO₂-emissions.• Tchibo has been part 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.
Criterion 11 Effective monitoring and evaluation mechanisms for environmental stewardship	<ul style="list-style-type: none">• Sustainable Business Governance/Aspiration, strategy and governance > (pp.18-19)• Environmental protection/ Logistics > (pp.58-61)• Environmental protection/ Resource conversation > (pp.61-62)• Coffee Value Chain/Alliances for better conditions > (p.29)• Non Food Value Chain/ Responsible business practices > (p.34)• Non Food Value Chain/ Sustainable supply chain > (p.41)• Non Food Value Chain/ Environmental protection in production > (p.43)• Facts and Figures/ Commitments and memberships > (p.83)

ANTI-CORRUPTION

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

Policies and systems and measures		Links
<p>Criterion 12 Robust commitments, strategies or policies in the area of anti-corruption</p> <p>Criterion 13 Effective management systems to integrate the anti-corruption principle</p> <p>Criterion 14 Effective monitoring and evaluation systems for the integration of anti-corruption</p>	<ul style="list-style-type: none">• CoC includes a clear prohibition of corruption and granting or accepting advantages.• The Tchibo Compliance Programme is comprised of various policies that regulate cross-sector and cross-company processes via procedural and organisational instructions.• Our managers are regularly trained in the application of our Code of Conduct and are obliged to explain the Code of Conduct to their employees.• Anti-corruption training is continuously conducted for employees in relevant departments, such as Procurement and Sales.• As part of risk assessment by maxingvest ag’s group auditing department, all business units are continually reviewed for risk of corruption.• Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, group audit, other audits and projects and programmes carried out by Tchibo and its partners.• Any reports are forwarded to the Ombudsmen Council under strict confidentiality.• In 2014 no incidents were reported or uncovered in connection with corruption	<ul style="list-style-type: none">• Sustainable Business Governance/Aspiration, strategy and governance > (p.18)

BROADER UN GOALS AND ISSUES

Policies and systems and measures		Links
<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>	<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.• Together with the world,s largest children's rights organization Save the Children, Tchibo supports educational projects to improve the living conditions of coffee farmers and their families.• We have increased the share of validated and certified green coffee process by us to around 35 % in 2014.• We approach cross-sector collaboration with relevant stakeholders to address and solve structural challenges.• Gradual transition to responsibly-sourced resources and materials for our consumer goods. Increasing the proportion of textiles made from and with organic cotton to about 80 %. First-time offer of GOTS-certified textiles.• Establishment of own partnership for sustainable cotton projects: Appachi Eco-Logic Project in South India.• We work with the Aid by Trade Foundation to promote sustainable cotton farming in sub-Saharan Africa and we support the children of African cotton farmers with educational and career-oriented projects.• Commitment to refugee aid under the umbrella of the “We together – integration initiatives” platform through co-operation and corporate volunteering, employment and needs-based donations.	<ul style="list-style-type: none">• Sustainable Business Governance/Aspiration, strategy and governance > (p.18)• Coffee Value Chain/Strategy and management > (p.23)• Coffee Value Chain/Education projects in the countries of origin > (pp.30-31)• Coffee Value Chain/Continual increase in the share of sustainable green coffee grades > (p.26)• Sustainable Business Governance/Stakeholder management > (p.20)• Non Food Value Chain/ Sustainable resources and materials > (pp.36-37)• Employees at Tchibo/Social responsibility > (p.73)

CORPORATE SUSTAINABILITY GOVERNANCE AND LEADERSHIP

Policies and systems and measures		Links
<p>Criterion 19 CEO commitment and leadership</p> <p>Criterion 20 Board adoption and supervision</p> <p>Criterion 21 Stakeholder engagement</p>	<ul style="list-style-type: none">• Confirmation of the commitment to sustainable business conduct and to the UN Global Compact by CEO Dr Markus Conrad in the foreword to the Sustainability Report 2015.• 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 projects and programmes carried out by Tchibo and its partners.• Focus of our business activities on economic, environmental and social criteria by involving our stakeholders.	<ul style="list-style-type: none">• Foreword by Dr Markus Conrad > (pp.6-7)• Sustainable Business Governance/Aspiration, strategy and governance > (pp.16-18)• Sustainable Business Governance/Governance > (p.20)• Non Food Value Chain/ Strategy and management > (p.34)