



# Social and Environmental Country Risks and Policies

## 1 Country Risk Analysis

We constantly analyse our supply chains to identify risks for SCoC violations in buying markets

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## 2 Country Policies

We adapt our processes to specific country risks

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## 3 Issue-related Policies

We adapt our processes to issue-related risks

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# 1 Country Risk Analysis

Different social, political and environmental indicators are taken into account to evaluate the risk for SCoC\* violation in all buying markets.

## Country Analysis

**Status:** September 2018 (updated every two years)

**Scope:** potential sourcing markets for Tchibo

Country	Risk	Country	Risk	Country	Risk	Country	Risk
EU (except Eastern Europe)	1	Poland	2	Moldova	3	Iran	5
Canada	1	Romania	2	Nepal	3	North Korea	5
Hong Kong	1	Serbia	2	Nicaragua	3	Uzbekistan	5
Japan	1	Slovakia	2	Papua New Guinea	3	Turkmenistan	5
South Korea	1	Timor	2	Philippines	3		
Uruguay	1	Belarus	3	Rwanda	3		
USA	1	Bosnia and Herzegovina	3	South Africa	3		
China	2	Colombia	3	Sri Lanka	3		
Taiwan (ROC)	2	Dominican Republic	3	Tanzania	3		
Albania	2	Egypt	3	Thailand	3		
Brazil	2	El Salvador	3	Tunisia	3		
Bulgaria	2	Guatemala	3	Turkey	3		
Costa Rica	2	Honduras	3	Turkmenistan	3		
Czech Republic	2	India	3	Uganda	3		
Ecuador	2	Indonesia	3	Ukraine	3		
Hungary	2	Kenya	3	Viet Nam	3		
Israel	2	Laos	3	Bangladesh	4		
Macedonia	2	Lebanon	3	Cambodia	4		
Malawi	2	Madagascar	3	Ethiopia	4		
Mauritius	2	Malaysia	3	Myanmar	4		
Peru	2	Mexico	3	Pakistan	4		

## Key for Monitoring Measures

- 1 No Audit
- 2 Social and environmental aspects as part of Tchibo quality audit (if expertise allows)
- 2 1-day social and environmental audit
- 3 1-day social and environmental audit
- 4 2-day social and environmental audit
- 5 No sourcing

Provisions present the minimum requirements. If required, the higher audit standard should be applied.

## Indicators and Sources for Country Risk Score

Governance	Political Freedoms and Civic Rights	Human Development
World Bank: Worldwide Governance Indicators	Freedom House: Freedom in the World	United Nations: Human Development Index
Labour rights and working conditions		
Centre for Business Research: Labour Regulation Index	International Trade Union Conference: Global Rights Index	Amnesty International: Annual Reports
		Clean Clothes Campaign
		CSR Newsletters (e.g. UL)
Safety and Conflict	Corruption	Civil Society Attention
Institute for Economics and Peace: Global Peace Index	Transparency International: Corruption Perceptions Index	Reports of specialized Civil Society Organizations
Air Quality & Pollution	Water and Sanitation, Water Resources	Agriculture, Heavy Metal Exposure
		Biodiversity and Habitat, Forests, Fishseries
		Climate and Energy
Yale Center for Environmental Law & Policy: Environmental Performance Index		

Beyond audit requirements, the country risk analysis results in specific country and/or issue-related policies which are detailed requirements additional to the SCoC provisions that are already in place.

Country	Risk	Policy
Bangladesh	<ul style="list-style-type: none"> <li>Ongoing high risk in regard to fire and building safety in textile, garment and footwear factories throughout the country.</li> </ul>	<ul style="list-style-type: none"> <li>Every factory to be assessed on overall suitability according to Tchibo SCoC* in a pre-visit by qualified Tchibo staff.</li> <li>Every RMG factory to be assessed on fire and building safety according to requirements of Bangladesh Accord on Fire and Building Safety ("Accord", from 2020: "RMG Sustainability Council", RSC). Every other factory to undergo and/or prove structural and fire safety engineering inspection in line with Accord (from 2020: RSC) requirements.</li> <li>Every factory to be added to the Tchibo portfolio needs to be registered with Accord (from 2020: RSC).</li> </ul>
	<ul style="list-style-type: none"> <li>High risk of human and labour rights violations.</li> </ul>	<ul style="list-style-type: none"> <li>No Zero Tolerances in initial Tchibo Compliance Audit.</li> </ul>
China	<ul style="list-style-type: none"> <li>Forced labour of local minorities in and around so-called re-education camps in Xinjiang province, which is a major hub for cotton and textile production.</li> </ul>	<ul style="list-style-type: none"> <li>No sourcing from factories located in the Xinjiang province. Also applies for wet processing units.</li> </ul>
	<ul style="list-style-type: none"> <li>Alleged forced labour of North Korean workers in the area of Dandong, at the border of China and North Korea.</li> </ul>	<ul style="list-style-type: none"> <li>No sourcing from factories located in and around Dandong, Liaoning province. Also applies for wet processing units.</li> </ul>
Germany	<ul style="list-style-type: none"> <li>Risk of violation of the cross-sectoral minimum wage law (Mindestlohngesetz, MiLoG, 2015) especially in contract work, contracts for work and contracts for services.</li> </ul>	<ul style="list-style-type: none"> <li>All purchasing contracts requires business partners to guarantee compliance with the MiLoG.</li> <li>Depending on the identified risk, a MiLoG audit might be carried out in new factories/suppliers located in Germany by an external service provider.</li> </ul>
Israel	<ul style="list-style-type: none"> <li>Palestinian workers in Israel might face discrimination in employment, wages and working conditions, especially in Israeli-administered industrial zones in the West Bank.</li> </ul>	<ul style="list-style-type: none"> <li>No production in/sourcing from West Bank and Gaza Stripe.</li> </ul>
Italy	<ul style="list-style-type: none"> <li>A high number of Chinese-owned textile and garment workshops in and round the town of Prato, Tuscany, allegedly employ vast numbers of undocumented immigrants and are suspected to conduct forced labour, violate labour law and standards as well as other laws notoriously.</li> </ul>	<ul style="list-style-type: none"> <li>Factories located in and around Prato need to be assessed through diligent desk research and an external audit (see risk score 2 in country risk analysis), indicating suitability with Tchibo SCoC*</li> </ul>

## 2 Country Policies

Country	Risk	Policy
Great Britain	<ul style="list-style-type: none"> <li>Textile and garment factories in and around the city of Leicester are alleged to violate labour law and standards in the form of informal work, below-minimum wage remuneration, inadequate health and safety standards and other.</li> </ul>	<ul style="list-style-type: none"> <li>No production in/sourcing from Leicester.</li> </ul>
Myanmar	<ul style="list-style-type: none"> <li>Under the former military regime (until 2011), authorities were involved in severe human rights violations including forced labour.</li> <li>The minority group of the Rohingya has been subject to severe human rights violations and genocidal practices by the military and local communities.</li> </ul>	<ul style="list-style-type: none"> <li>Special caution in all business matters to be applied. Myanmar policy is under constant review.</li> <li>No business with individuals (factory owners, factory general managers) identified as responsible within the military regime (reference to US sanction list).</li> <li>No sourcing from locally-owned manufacturers.</li> <li>No sourcing from manufacturers with Zero Tolerances in initial Tchibo Compliance Audit.</li> <li>All manufacturers must take part in the Tchibo/GIZ Social Dialogue Program. If a manufacturer does not continue the program, it will be blacklisted.</li> </ul>
	<ul style="list-style-type: none"> <li>Involvement of manufacturers and industrial parks in land grabbing: Under the former military regime (until 2011), military and businesses seized large quantities of land without compensation of the owners.</li> </ul>	<ul style="list-style-type: none"> <li>No sourcing from factories built on illegally acquired land and/or with ongoing land disputes.</li> <li>No sourcing from manufacturers owned by the “Tatmadaw” (military) or military company holdings MEHL, UMEHL and MEC. No sourcing from manufacturers in industrial parks owned by these holdings (namely Ngwe Pinlae Industrial Zone, Pyinmabin Industrial Park, Pyinmabin Industrial Zone).</li> </ul>
	<ul style="list-style-type: none"> <li>National minimum wage regulation exempts interns and workers in probation period from the right to minimum wage. This results in workers being hired with intern or probation contracts, other short-term contracts or without contracts at all.</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers and producers to be informed about Tchibo policy on minimum wage in Myanmar: minimum wage payment to employees after 4 weeks of work in the factory or earlier if those work on Tchibo products. Employees to receive permanent employment contracts.</li> </ul>
India	<ul style="list-style-type: none"> <li>High risk of forced labour of young women in the textile and garment sector of the state of Tamil Nadu through the “Sumangali” scheme.</li> </ul>	<ul style="list-style-type: none"> <li>Sourcing from textile or cotton processing factories in Tamil Nadu (Tier 1 or 2) is only possible after diligent desk research, initial compliance audit and a Sumangali assessment.</li> <li>Manufacturers in Tamil Nadu to participate in Tamil Nadu Training Project of German Partnership for Sustainable Textiles (“Textilbündnis”).</li> </ul>
Turkey	<ul style="list-style-type: none"> <li>Number of Syrian refugees working in the textile, garment and footwear sector increases across the country, resulting in a high risk of informal work, child labour and subsequent labour rights violations.</li> <li>Businesses are allowed to employ Syrian refugees if they do not represent more than 10% of the total workforce of the company.</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers and producers in Turkey to be informed about the Tchibo policy on Syrian refugees in Turkey: no child labour, no discrimination, equal pay for equal work, provide translations into Arabic, compliance with national regulation (including 10% quota).</li> <li>The regular Tchibo child labour policy applies.</li> <li>About each supplier and producer, diligent desk research needs to be conducted.</li> </ul>

### 3 Issue-based Policies



Issue	Risk	Policy
<b>Child Labour</b>	<ul style="list-style-type: none"> <li>Child Labour refers to work that is, with exceptions, carried out by children aged below 16.</li> <li>It also refers to work that is mentally, physically, socially or morally dangerous and harmful to children (below 16 years) or young workers (16-18 years), interferes with their schooling and deprives them of their childhood.</li> </ul>	<ul style="list-style-type: none"> <li>No sourcing from factories that employ children</li> <li>Remediation in cases of Child Labour...               <ul style="list-style-type: none"> <li>The worker below the legal minimum age must be immediately released from work</li> <li>The factory is expected to send the child back to his/her family and transportation cost must be covered by the factory</li> <li>The open position is to be offered to a family member who has reached the legal minimum age for admission to work</li> <li>The factory is expected to provide adequate financial and other support to enable such children to attend and remain in school.</li> <li>When reaching the minimum age for admission to work, the child is to be offered re-employment in his/her earlier position</li> </ul> </li> </ul>
<b>Homework</b>	<ul style="list-style-type: none"> <li>In some countries (e.g. Bangladesh, India) and/or industries (e.g. weaving, hand-made craft goods), home-based work or homework is common practice and widespread.</li> <li>Risk issues include child labour, no payment of minimum wages, excessive overtime etc.</li> <li>However, homeworkers may have advantages such as flexible working hours, saving on child care etc., and thus may prefer this work.</li> </ul>	<ul style="list-style-type: none"> <li>Homework is only accepted if it is known to Tchibo and if all requirements of the Tchibo SCoC* are met.</li> <li>In case of homework, suppliers must provide detailed information on               <ul style="list-style-type: none"> <li>exact place(s) of the homework (i.e. regions, villages, buildings etc.),</li> <li>the entire value chain from raw materials to finished product, including all intermediaries involved,</li> <li>the suppliers'/factories' system to monitor working conditions in those homes.</li> </ul> </li> <li>Orders can only be placed if the evaluation of all information shows that SCoC minimum requirements are met.</li> </ul>
<b>Abrasive Blasting</b>	<ul style="list-style-type: none"> <li>For certain garments, abrasive or sandblasting is applied mostly in Turkey, Bangladesh and China. Abrasive blasting is common practice for other products as well.</li> <li>Exposure to dust is a serious health hazard for workers which can cause various lung diseases and may be lethal.</li> <li>As an alternative, chemical blasting has been introduced in the garment industry which may also damage the workers' respiratory systems.</li> </ul>	<ul style="list-style-type: none"> <li>Abrasive blasting processes is checked as part of internal and external audits.</li> <li>No sourcing from manufacturers that apply sandblasting or chemical blasting in textile production.</li> <li>Sourcing from non-textile factories that apply abrasive blasting methods only if required safeguards are in place.</li> <li>If audits reveal risks associated with abrasive blasting processes, an in-depth "Risk Check Abrasive Blasting" is mandatory.</li> </ul>