

HUMAN RIGHTS AND ENVIRON- MENTAL POLICY IN AGRICULTURAL SUPPLY CHAINS

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Preamble

As a globally sourcing company, Tchibo is committed to promoting and protecting Human Rights and the Environment. Our work and standards are articulated based on the following internationally recognized Declarations and Conventions.

- The United Nations' Universal Declaration of Human Rights
- The United Nations' 2030 Agenda for Sustainable Development
- The United Nations' Convention on the Rights of the Child
- The United Nations' Guiding Principles on Business and Human Rights
- The United Nations' principles of the Global Compact
- The ILO Multinational Enterprises Declaration
- The ILO Conventions on Labour Standards
- The Directives of the OECD for Multinational Enterprises
- The 1992 Rio Declaration on Environment and Development
- The Paris Agreement on Climate Protection (we have set science-based targets for emission reduction to limit global temperature rise to 1.5°C)
- EU Green Deal
- The locally applicable employment legislation
- The local legislation in environmental matters and, in the absence thereof, the international legislation that is in force

As a company, we derive our sustainability strategy from the Sustainable Development Goals (SDGs) and thereby focus on those SDGs where we can create the highest impact. For our supply chains, products and processes, we have identified 9 out of 17 SDGs that are most relevant to us. Namely, these are SDG 1 (No Poverty), 2 (Zero Hunger), 5 (Gender Equality), 6 (Clean Water and Sanitation), 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities), 12 (Responsible Consumption and Production), 13 (Climate Action), 15 (Life on Land). These SDGs are the framework for how we understand social and environmental responsibility and put it into action at Tchibo.



1.1 Applicability of this Policy

This policy applies to all entities in our agricultural supply chains and all their workers, regardless whether employed directly or indirectly by Tchibo or supply chain partners and regardless of the contractual basis of this employment, whether in the formal or the informal sector; this includes migrant and seasonal workers. We expect our business partners to undertake best efforts in line with a due diligence approach to implement this policy in their own operations and support a collaborative approach towards implementation in our joint supply chains.

Whenever the provision of national and international laws, specific industry standards, collective bargaining agreements and those listed below address the same subject, the regulation which affords the greater protection for workers and the environment applies.

In this context, Tchibo understands that the root causes for challenges in supply chains are multi-faceted and part of a larger macro- and socio-economic context. We also recognize the different roles of players in the supply chain such as producers, intermediaries, exporters, importers, service providers, buyers and others in jointly working towards better standards.

Wherever our business activities cause or contribute to issues in our supply chain, we actively engage in remediation, jointly with our partners. This is done with a risk-based approach focusing on salient issues first. To be able to address social and environmental responsibility, traceability of the raw material and transparency on issues and their root causes are key.

Human Rights

2.1 Economic Viability & Food Security for Farming Communities

Farming communities' economic viability is interdependent with improvements on human rights and environmental protection. It is also the basis for long-term coffee and cotton supply. With joint interventions, Tchibo strives to continuously improve the economic viability of farming and contribute to sustainable livelihoods together with all supply chain partners. This includes jointly addressing topics such as Living Income, food security, access to clean water and nutrition as well as education for children and young adults.

2.2 Land Rights

ILO convention 169 applies (Indigenous and Tribal Peoples Convention).

Legitimate property rights, ownership, rights of uses as well as the corresponding rights to natural resources shall be respected. This includes unwritten public, private, communal or collective rights including indigenous or customary rights.

Farmers shall not be subject to land grabbing, lose land rights due to unclarified ownership situations or be removed from a land they have been using as farming grounds for an extended period of time. If local legislation clearly proves otherwise, a prompt, adequate and effective compensation according to FAO/OECD Guidelines shall be provided. The adoption of new land must be cleared by a due diligence conducted by an external, impartial party.

2.3 Forced Labour & Modern Slavery

ILO Conventions 29 (Forced Labour Convention, 1930) and 105 (Abolition of Forced Labour Convention, 1957) and ILO Recommendation 203 (Forced Labour Supplementary Measures Recommendation, 2014) apply.

Any forms of forced labour are unacceptable. Work must be freely chosen. There shall be no forced, bonded, slave, trafficked or otherwise involuntary labour. Workers shall not be subject to any regulation or practice that limits their personal freedom of movement. Identity documents must always remain at the individual's disposal. Workers must not be required to lodge deposits with their employer. Workers are free to leave and resign after reasonable notice to their employer.

2.4 Child Protection

National regulations for the protection of children shall be fulfilled. ILO Conventions 138 (Minimum Age Convention, 1973) and 182 (Worst Forms of Child Labour Convention, 1999) and the respective ILO Recommendations 146 (Minimum Age Recommendation, 1973) and 190 (Violence and harassment Convention, 2019) apply.

There shall be no use of child labour. The age of admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years (or 14 where national law permits in accordance with ILO convention 138).

If children are found to be working in situations which fit the definition of child labour above, remediation measures and precautionary policies for the future shall be documented in writing. Adequate financial and other support to enable such children to attend and remain in school, until no longer a child, shall be provided.

In the case of family smallholdings, children may help on their family's farm provided the work does not damage their health, safety, well-being, education or development and that they are supervised by adults and given appropriate training. This does not fall under the above definition of child labour.

In case workers live with their children on agriculture production sites, supply chain partners strive towards access to convenient and affordable day care services for their children.

2.5 Young Workers **(age 15 – 18)**

National regulations for the protection of young workers shall be fulfilled. ILO Conventions 79 (Night Work of Young Persons in Non-Industrial Occupations Convention, 1946), 138 (Minimum Age Convention, 1973), 142 (Human Resources Development Convention, 1975), 182 (Worst Forms of Child Labour Convention, 1999), 184 (Safety and Health in Agriculture Convention, 2001) and ILO Recommendation 146 (Minimum Age Recommendation, 1973) apply.

Young workers between the age of 15-18 may be employed. Where such young workers are subject to compulsory education, they shall work only outside of school hours. Under no circumstances shall any young worker's school, work, and transportation time exceed a combined total of 10 hours per day. In no case shall young workers work more than 8 hours a day. Young workers shall not be employed at night or perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals. Young workers shall be given the opportunity to participate in education and training programs.

2.6 Wages & Compensation

ILO Conventions 26 (Minimum Wage-fixing Machinery Convention, 1928), 95 (Protection of Wages Convention, 1994) and 131 (Minimum Wage Fixing Convention, 1970), 100 (Equal Remuneration Convention, 1951) and 110 (Plantations Convention, 1958) apply.

Workers shall receive minimum wage, wages in line with benchmark industry minimum standards, collective bargaining agreements or sectoral agreements, whichever is higher. Quota or piecework shall be paid at least at an amount that equals wage to be paid in line with sentence 1. Compensation below this line is considered unacceptable practice.

Tchibo and all supply chain partners strive to support the payment of wages that always meet basic needs of workers and their families and provides some discretionary income of workers and their families (Living Wages) in case legal minimum wages fail to do so.

Workers shall receive at least all legally mandated benefits.

Overtime shall be paid at a premium rate according to legal or industry standards or collective bargaining agreements, whichever is higher. Workers shall be provided with understandable information on their full compensation of their wages, including deductions, overtime premium rates and benefits; be it in writing or complemented with pictures in case of illiteracy. Remuneration is paid in scheduled intervals, at a minimum monthly. Deductions from wages as a disciplinary measure or any deductions from wages not provided for by national law are considered unacceptable practice without the expressed permission of the worker concerned.

2.7 Written Contracts

All workers shall receive a written contract in a language and manner they understand. Contracts shall be complemented with pictures in case of illiteracy. Verbal instead of written contracts are acceptable only if they are used for short term, seasonal workers (less than three months), are documented by the employer and create legally binding employment relationships under applicable law. The coverage with written contracts shall be gradually increased.

The contract shall comply with national regulations. It must - at a minimum - contain written terms and conditions of employment, job description, hours of work, rules of remuneration and compensation, leave entitlements, and details of termination and resignation.

2.8 Working Hours

ILO Conventions 1 (Hours of Work (Industry), 1919) and 14 (Weekly Rest (Industry) Convention, 1921) as well as ILO Recommendation 116 (Final Articles Revision Convention, 1961), 100 (Equal Remuneration Convention, 1951), 110 (Plantations Convention, 1958) apply.

2.9 Regular Employment

All overtime shall be voluntary. Overtime shall be used responsibly, considering all of the following: the extent, frequency and hours worked by individual workers and workforce. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

Legal or any other obligations to workers shall not be avoided using labour-only contracting, sub-contracting, home-working arrangements, the excessive use of fixed-term contracts, or through false apprenticeship schemes.

2.10 Freedom of Association & Collective Bargaining

ILO Conventions 87 (Freedom of Association and Protection of the Right to Organise, 1948), 98 (Right to Organise and Collective Bargaining Convention, 1949) 135 (Workers' Representatives Convention, 1971), 141 (Rural Workers' Organisations Convention, 1975) and 154 (Collective Bargaining Convention, 1981) and ILO Recommendation 143 (Migrant Workers (Supplementary Provision Convention, 1975) apply.

The right of workers to form or join workers' organizations including unions of their own choice and to bargain collectively shall be recognized and respected. Employers shall adopt a positive approach towards the right to freedom of association and collective bargaining, by communicating this right actively to their workforce and by adopting an open attitude towards trade unions including their organizational activities. In those situations, in which the rights to freedom of association and collective bargaining are restricted by law, parallel means of independent and free association and bargaining shall be allowed. Workers' representatives shall be protected against discrimination, harassment, intimidation, or retaliation and shall be provided free access to the workplaces to ensure that they can exercise their rights in a lawful and peaceful way.

2.11 Health & Safety

ILO Conventions 161 (Occupational Health Services Convention, 1985), 184 (Safety and Health in Agriculture Convention, 2001) and Recommendations 97 (Migration for Employment Convention (Revised), 1949) and 194 (List of Occupational Diseases Recommendation, 2002) apply.

A safe and hygienic working environment shall be provided, bearing in mind the specific knowledge of the industry, sector and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment. This includes clean personal protective equipment in suitable sizes as well as training in its proper use. Workplaces, work processes, machinery and equipment shall be made safe with signs, guarding and encasements.

Workers and family members who live with them shall have access to potable water, safe and hygienic sanitation including washing water which shall be provided free of cost.

Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers including proper facilities for food storage.

Workers and smallholder farmers shall receive regular and recorded health and safety training, and such trainings shall be repeated for new or reassigned workers.

Workers and smallholders wear appropriate personal protective equipment (PPE) when handling chemicals (as per Safety Data Sheet (SDS) of the material and/or manufacturer), when working with machines and tools and/or when working in critical terrain. Workers have the right and the freedom to leave dangerous situations at any time, without any permission necessary. Vulnerable people such as children, pregnant women and disabled persons shall not perform hazardous work.

The access to PPE is free of charge, its usage shall be trained. The employer renews PPE regularly. An adequate number of workers shall be trained in first aid.

All agrochemicals shall be stored away from food, water and children in well-ventilated and locked areas. Moreover, empty pesticide containers shall not be reused to store food or drinks, but shall be returned or disposed safely.

2.12 Discrimination

ILO Conventions 100 (Equal Remuneration Convention, 1951), 111 (Discrimination (Employment and Occupation) Convention, 1958), 158 (Termination of Employment Convention, 1982) and 159 (Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983) apply.

2.13 Abuse & Harassment

ILO Convention 111 (Discrimination (Employment and Occupation) Convention, 1958) and 190 (Violence and harassment Convention, 2019) apply.

2.14 Maternity Protection & Parental Leave

ILO Convention 183 (Maternity Protection Convention, 2000) apply.

Every person shall be treated equally, with dignity and respect. There shall be no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on ethnicity, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership, political affiliation or any other form of distinction not based on pure professional performance.

Tchibo and all supply chain partners strive to empower women, enhance their meaningful participation in decision-making, ensure their professional development and advancement and facilitate their equal access and control over natural resources, inputs, productive tools, advisory and financial services, training, markets and information.

Any form of corporal, psychological, physical, sexual, verbal or other harassment, abuse or discipline and any other form of intimidation are considered unacceptable.

Workers shall receive all protective provisions in national laws and regulations benefitting pregnant workers and new parents, including provisions concerning maternity leave and other benefits. This includes the prohibition of night work, temporary reassignments away from workstations and work environments that may pose a risk to the health of pregnant workers and their unborn children or new parents and their newborn children, temporary adjustment of working hours during and after pregnancy, and the provision of (breast-)feeding breaks and facilities.

Even where such legal protective provisions are lacking, employers take reasonable measures to ensure the safety and health of pregnant workers and their unborn children. Employers shall grant parents the opportunity and a safe environment to care for and (breast-)feed their children.

Environment

3.1 Preparation of Land

Agricultural activities shall not contribute to illegal deforestation and clearance of protected areas. Moreover, primary forests and high conservation value areas shall be protected from the conversion to agricultural land.

3.2 Soil Preparation, Fertility & Erosion

Tchibo and all supply chain partners strive to conserve the valuable resource soil. This includes the maintenance and promotion of organic matter, soil health, soil stability, and biodiversity of soil organisms by responsible fertilizer use, erosion prevention, crop rotation, intercropping, and other regenerative farming practices.

3.3 Biodiversity & Animal Welfare

Tchibo and all supply chain partners strive for the protection and promotion of biodiversity by the conservation of on-farm forests and natural ecosystems, the restoration of native vegetation, and by riparian buffer zones between agricultural land and water bodies. If animals are used for cultivation, harvesting and processing, this shall be done in a species-appropriate manner.

3.4 Water Use & Water Protection

In order to protect aquatic ecosystems and water resources, pesticides and harmful quantities of nutrients from agriculture shall neither pollute surface water nor groundwater.

Tchibo and all supply chain partners strive to optimize the use of irrigation water, including the preference for rain-fed irrigation when possible, in order to save water while meeting the water demand of the respective crop.

3.5 Agrochemicals

Agrochemicals shall be applied according to the directions of use, while pesticides that are prohibited by country of origin, German, or EU law shall not be used. Moreover, Tchibo and all supply chain partners strive towards the elimination of hazardous pesticides (according to the FAO/WHO Guideline for Highly Hazardous Pesticides) and the reduction of synthetic pesticides by promoting non-chemical alternatives and the implementation of integrated pest management (IPM) for pests, weeds and diseases.

3.6 Hazardous Waste

Hazardous waste shall not enter the environment or harm people. Therefore, hazardous waste (e.g. chemicals) shall be stored safely in well-ventilated, locked areas. Empty chemical containers shall be returned or safely disposed. Moreover, Tchibo and all supply chain partners strive towards waste reduction, responsible disposal, and recycling.

3.7 Carbon Emissions

In line with our climate strategy, Tchibo and all supply chain partners strive for the reduction of greenhouse gas emissions from farm operations, such as a reduction of fertilizer use, promotion of carbon sequestration, and avoidance of fire for soil preparation.

3.8 Genetically Modified Organisms (GMO)

Tchibo and all supply chain partners strive for an increase in the availability of non-GM seeds, seedlings and crops with a special focus on cotton and crops used to produce bio-based plastics. For cotton, Tchibo specifically aims for an increase of organic cultivation and, as a result, the reduction of GM-cotton.

Grievances

4.1 Grievances mechanism

In line with the UN Guiding Principles on Business and Human Rights, Tchibo and all supply chain partners strive to build up grievance procedures that are legitimate, accessible, predictable, equitable and transparent at a farm level in consultation with local stakeholders and the affected people. We further co-operate in other non-judicial grievance mechanisms. Such grievance mechanisms can enable remediation when our operations have caused or contributed to adverse impacts due to non-adherence to responsible business conduct standards.

Grievance procedures shall follow the following principles: anonymity and protection of the complainant, confidentiality of the case, timeliness of processing and remediation, adequacy and suitability of handling and remediation, proper documentation, communication towards the complainant. The procedure and principles shall be communicated actively.

