



## **Tchibo GmbH: Third Progress Report**

For the leadership declaration on the Biodiversity in Good Company initiative

---

Reporting period: 2017/2018

Tchibo GmbH

Überseering 18

22297 Hamburg

[corporateresponsibility@tchibo.de](mailto:corporateresponsibility@tchibo.de)



## The Leadership Declaration

All signatory companies acknowledge and support the three objectives of the international Convention on Biological Diversity”:

- Conservation of biological diversity
- Sustainable use of its components
- Fair and equitable sharing of the benefits that arise out of the utilization of genetic resources.

and commit themselves to:

1. Analyzing corporate activities with regard to their impacts on biological diversity;
2. Including the protection of biological diversity within their environmental management system;
3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board;
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years;
5. Publishing activities and achievements in the biodiversity sector in the company’s annual, environmental, and/or corporate social responsibility report;
6. Informing suppliers about the company’s biodiversity objectives and integrating suppliers accordingly and step by step;
7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations (NGOs) and/ or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

To demonstrate ongoing commitment, member companies will provide the Initiative with a progress report every two years.



## Managing business responsibly in times of change

We live in turbulent times. Companies - like society as a whole - find themselves in a changing world. Megatrends such as globalisation, climate change, environmental destruction or urbanisation have been joined in recent years by such developments as rapid digital transformation and global migration.

As an international trading company, Tchibo is not only directly affected by these changes for people and the environment, but also has a responsibility to shape them positively wherever possible. A systematic transformation towards sustainable business activity is an integral part of Tchibo's business strategy.

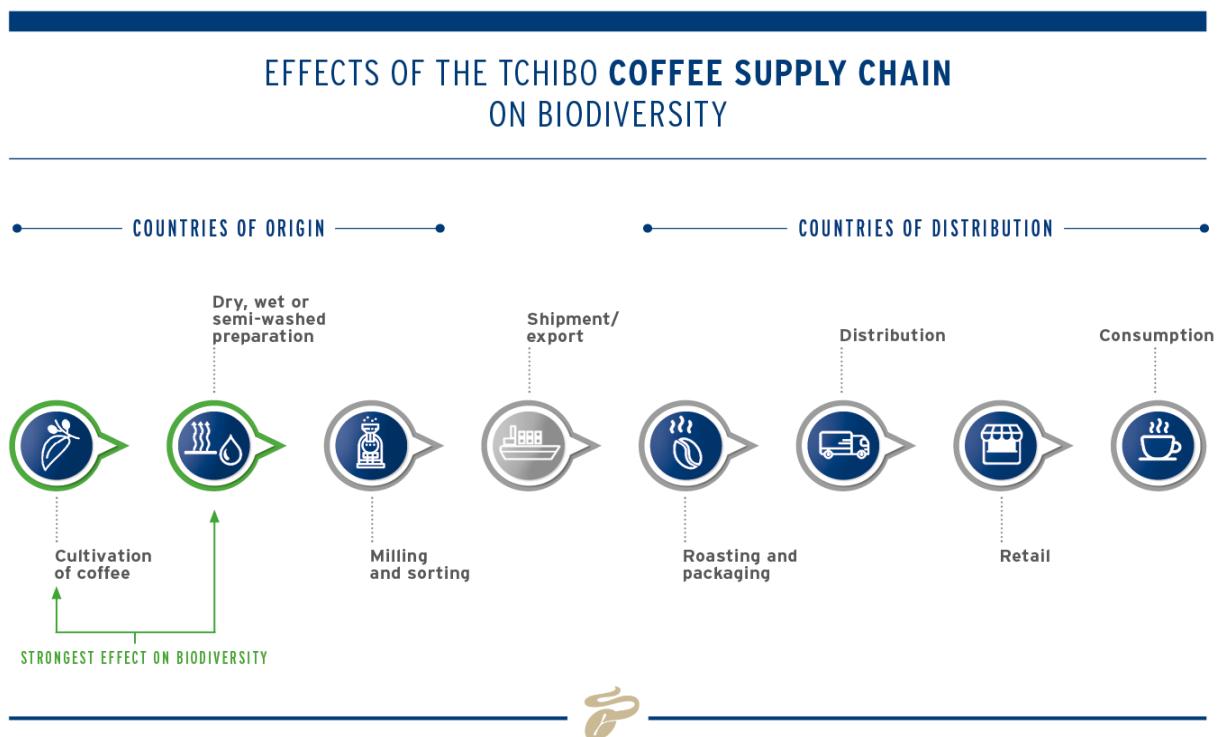
Our business activities depend on natural resources, such as coffee, cotton, wood and cellulose. In many of the countries where our raw materials originate and are produced, we are noting an increasing threat to and loss of biodiversity, accompanied by a decline in ecosystem services. In order to be able to meet these changes with a future-oriented approach, we undertook a detailed risk analysis of our supply chains in 2018 and defined biodiversity as one of the four focus areas of our revised environmental protection strategy.

## Progress report for 2017 and 2018

This report covers the progress that Tchibo made in 2017 und 2018 in implementing the goals set out in the Leadership Declaration.

### 1. Analysis of the effects of company activities on biodiversity

In 2009 Tchibo did an extensive analysis to determine which company activities had a significant influence on the environment and on biodiversity. As part of the 2018 review of the environmental strategy, we went deeper into the topic. The analyses show that the cultivation of coffee, cotton and wood, as well as the production of our non-food products, have the largest influence on the environment.

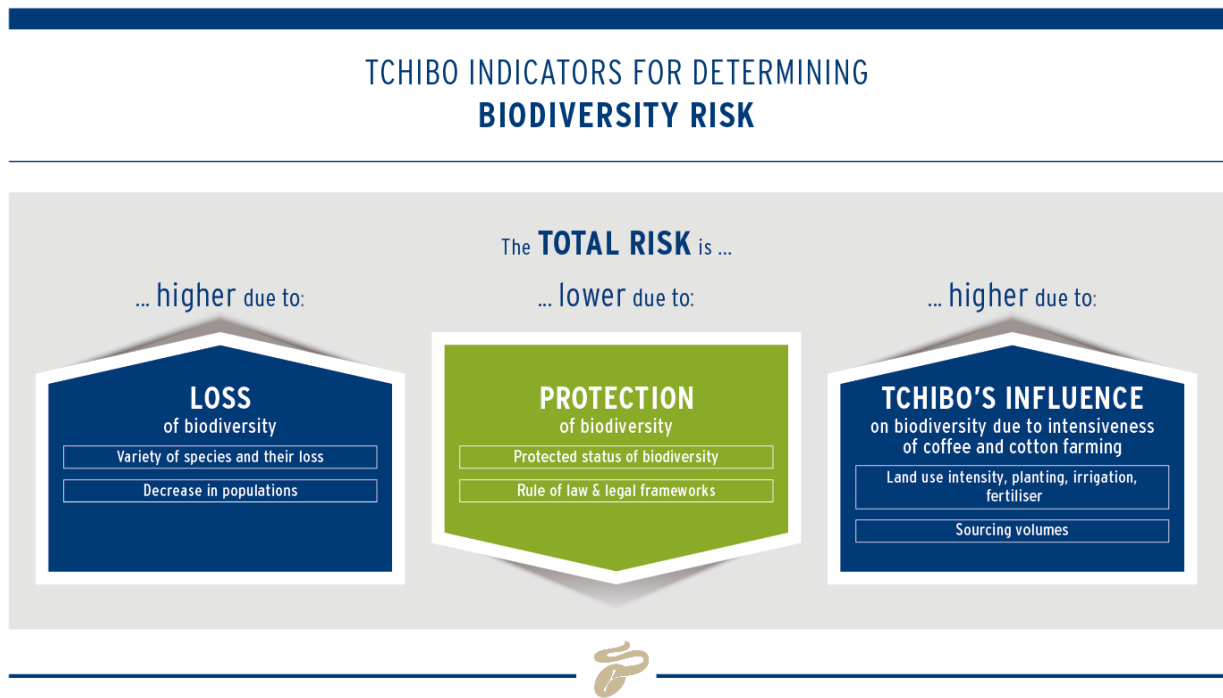


In order to make a targeted contribution to protecting biodiversity in the most important supply chains (coffee and cotton), Tchibo carried out a hotspot analysis in 2018. The objectives of the analysis were:

- Identification of biodiversity risk by country and country comparisons
- In-depth understanding of risks in the countries concerned
- Transparency about the protection status in the countries
- Increased transparency about Tchibo's influence on biodiversity in the countries



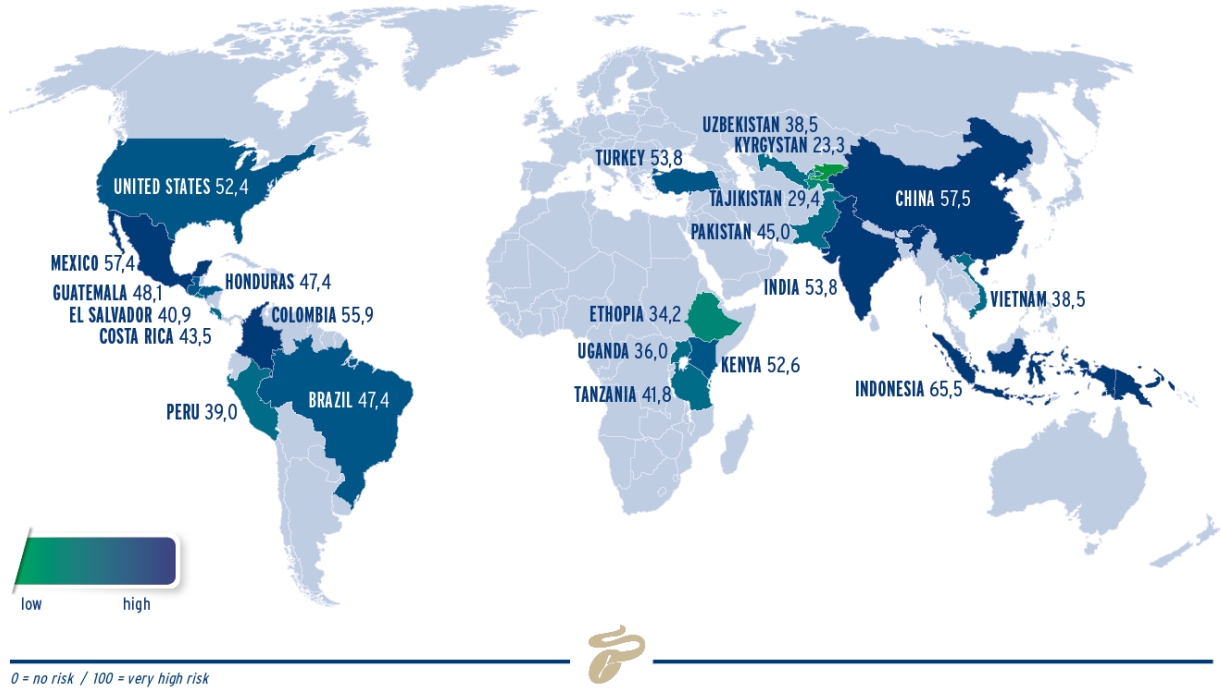
To determine the biodiversity risk, the sub-indicators 'loss of biodiversity', 'protection of biodiversity' and 'Tchibo's influence on biodiversity' were developed. This breakdown enabled a differentiated determination of the total biodiversity risk by country.



Recognised indices, internal data and external information were used to calculate the sub-indicators. Care was taken to ensure that the data originated from recognised sources, was temporally and spatially complete and made relevant references to the Tchibo supply chain. This enabled a consistent and comparable statement per country and across countries.

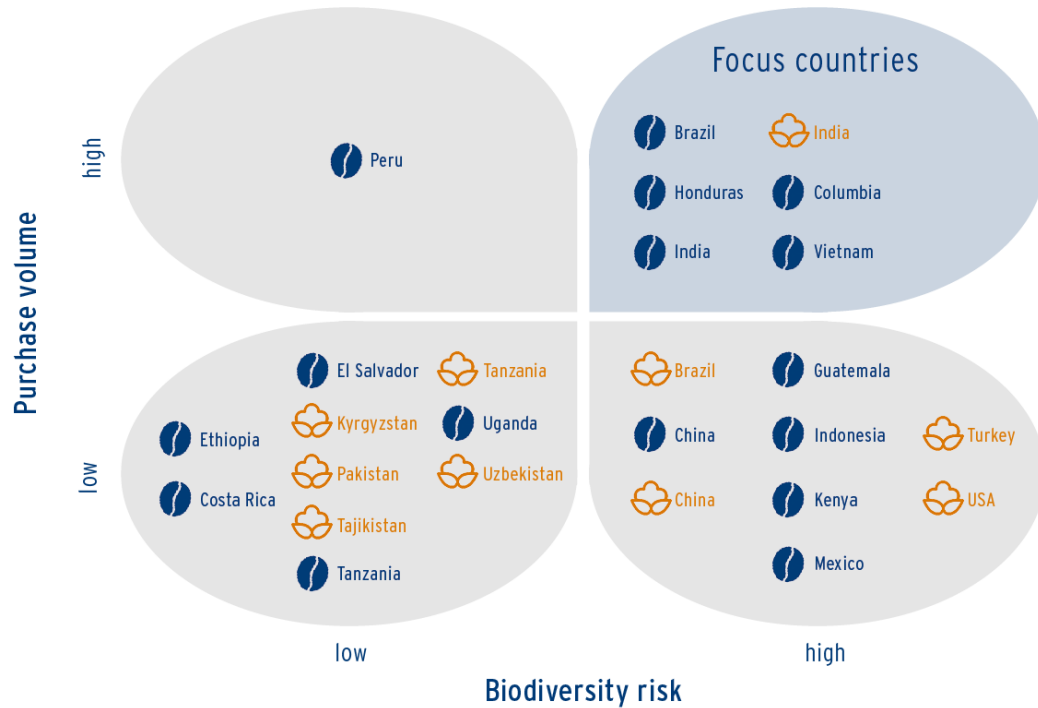
An analysis of the results shows that the biodiversity risk in the countries where Tchibo purchases coffee and cotton is at a similarly high level, although there is an increased risk in Indonesia, India, China and Mexico.

## TCHIBO BIODIVERSITY RISK WORLDWIDE, BY COUNTRY



In order to identify the focus countries for Tchibo, the biodiversity risk was compared with the purchase volume.

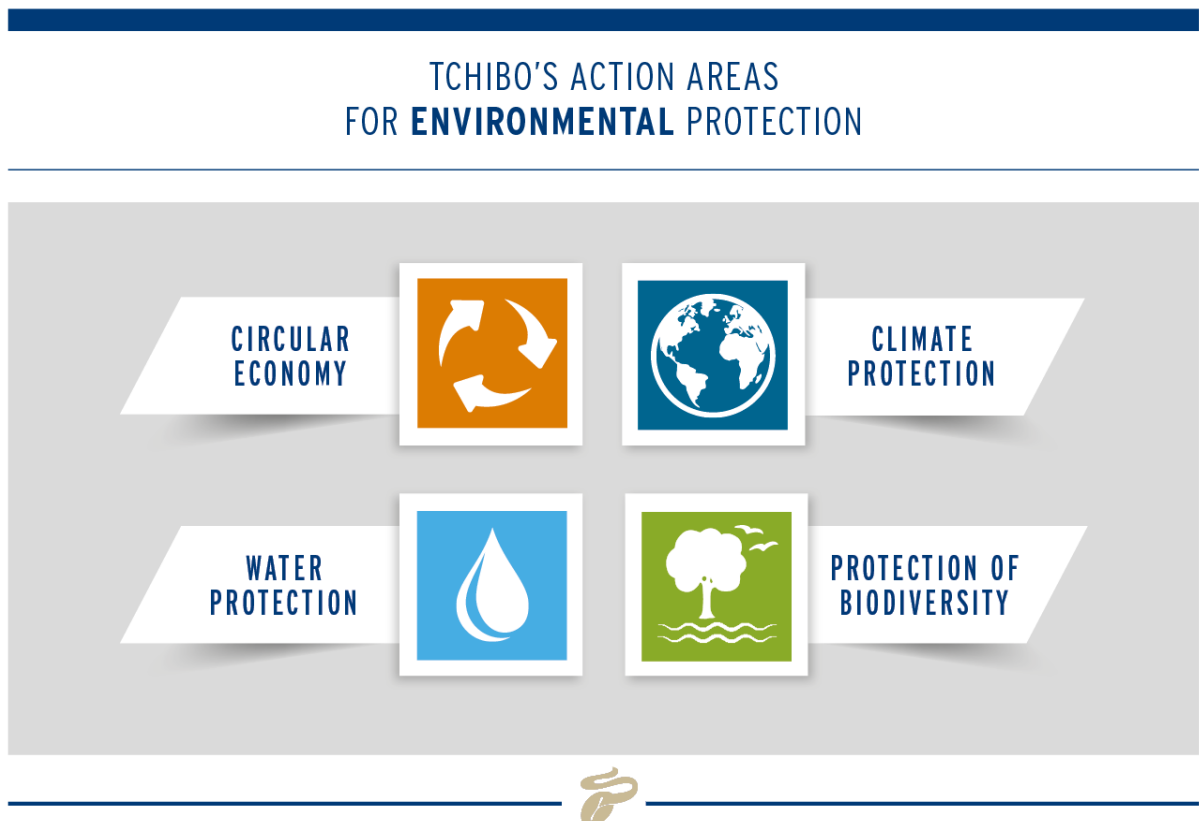
## CLASSIFICATION TO IDENTIFY THE FOCUS COUNTRIES



The focus countries Brazil, Vietnam, Honduras, India and Columbia were identified from this analysis. Over the next few years, these countries will be the focus of our activities in the biodiversity area.

## 2. Inclusion of biological diversity protection and sustainable use in the environmental management system

In course of the 2018 review of the environmental strategy, biodiversity was defined as one of the four strategic action areas.



The integrated measures in place across the entire business leverage the protection of biodiversity. For example, Tchibo is increasing the proportion of sustainable materials and is promoting sustainable coffee cultivation. Tchibo is also working on stewardship/sector approaches in the biodiversity focus countries of the coffee and cotton supply chains (see analysis in section 1).

### ***Stewardship/sector approaches***

refer to change processes in which all relevant and interested stakeholders are involved. In this way joint solutions are developed that are socially just, ecologically sustainable and economically advantageous for all stakeholders.





Overall, measures and activities are established according to the principle of materiality and impact: where does Tchibo have the greatest possible influence and how can a scalable impact be achieved?

### **3. A responsible body within the company manages all activities in the biodiversity area and reports to the Board of Management**

As part of an integrated management system, Tchibo is working throughout the Group to implement its strategic core objective "becoming a 100% sustainable business". The Directorate of Corporate Responsibility was established in 2006 to anchor the management of sustainability activities centrally within the organisation. This division reports directly to the Chairman of the Management Board (CEO). The biodiversity action area, to which a responsible person has been assigned, is anchored in the environmental protection team.

### **4. Measurable and realistic goals that are reviewed and adjusted every two to three years**

During the development of the biodiversity strategy, the following goal was defined:

---

#### **BIODIVERSITY ACTION AREA**

---



## **OUR GOAL:**

Implementation of stewardship-projects  
for biodiversity protection  
in all high-risk regions  
where coffee and cotton are grown





In the main countries of purchase and high-risk countries (materiality), targeted activities should contribute to the protection of biodiversity (impact). Tchibo is convinced that this can only be achieved through a broader, multisectoral approach throughout society in the relevant regions. For this reason, we support the development of stewardship approaches in order to develop and scale innovative solutions together with relevant stakeholders.

The targets for the integrated measures will be updated in 2019. Here is a selection of the most important goals of the past and the degrees to which they have been achieved:

- **Increase in the proportion of certified sustainable green coffees to 50% in 2016**

Tchibo has decided to gradually reduce the proportion of verified coffee (4C standard). The resulting available funds will be used to set up projects and activities aimed at creating sustainable coffee-growing regions. Among other goals, these projects and measures contribute to the protection of biodiversity, for example through the switch to sustainable and low-pesticide coffee cultivation.

The proportion of certified coffee was just under 30% in 2018. The target will be redefined in 2019, taking the regional approach into account.

- **Increase in the proportion of sustainable cotton to 100% by 2018**

The proportion of sustainable cotton was 88% in 2018. This makes Tchibo the world's third-largest purchaser of certified organic cotton. This target will also be revised in 2019.

- **Expansion in the amount of wood and cellulose from responsible forestry**

In 2018 sustainable wood and paper products formed 63% of the total in this product category. This includes FSC-certified products, as well as those from forests under regional management.

## **5. Publication of biodiversity activities and successes in the Sustainability Report**

Every year, Tchibo GmbH reports transparently and comprehensively on the company's economically, ecologically and socially responsible activities, as well as on measures and goal achievement for sustainable corporate management. ([www.tchibo-sustainability.de](http://www.tchibo-sustainability.de)).

## **6. Informing and involving suppliers**

As part of the Tchibo Code of Conduct, which is an integral part of every contractual relationship, Tchibo calls on its business partners to protect the environment. In addition, Tchibo



works continuously with its suppliers to minimise environmental pollution. Tchibo supports its partners in the supply chain in this respect, for example through qualification programmes. Examples are the Tchibo Joint Forces programme for sustainable and environmentally-compatible coffee plantations and the DETOX programme for environmentally-friendly textile production.

## **7. Exploring cooperation with potential partners**

Tchibo is convinced that sustainable transformation can only be achieved together with others. In order to solve structural challenges in the value chain and systemic problems, Tchibo emphasises cooperation and exchange with key players from politics, business and civil society. An example for the coffee supply chain is the cooperation with the Rainforest Alliance, Fairtrade and other local cooperatives to promote the switch to sustainable, environmentally-friendly cultivation of coffee. An important partner in the cotton sector is OCA (Organic Cotton Accelerator), a multi-stakeholder initiative in which NGOs, as well as textile companies, participate. The common goal is the sustainable and environmentally-friendly development of the cotton sector.

Tchibo is also involved in other initiatives and is a driving force in exchange forums. A list of Tchibo's memberships and cooperation partners is publicly accessible: <https://tchibo-nachhaltigkeit.de/servlet/content/1253558/-/home/daten-und-fakten/commitments-und-mitgliedschaften.html>