



SOCIAL AND ENVIRONMENTAL COUNTRY RISKS AND POLICIES

1 Country Risk Assessment

We constantly analyse our supply chains to identify risks for SCoC* violations in (potential) sourcing markets

2 Country Policies

We adapt our processes to specific country risks

3 Issue-related Policies

We adapt our processes to issue-related risks

1 Country Risk Assessment

Different social, political and environmental indicators are taken into account to evaluate the risk for SCoC* violation in all (potential) sourcing markets.

Country Risk Score

Status: November 2020

Scope: potential sourcing markets for Tchibo

Country	Risk	Country	Risk	Country	Risk
Canada	Low Risk	El Salvador	Risk	South Africa	Risk
Czech Republic	Low Risk	Honduras	Risk	Sri Lanka	Risk
EU + Switzerland (except BG, CZ, HU, PL, RO, SK)	Low Risk	Hungary	Risk	Taiwan***	Risk
Georgia	Low Risk	Indonesia	Risk	Tanzania	Risk
Hong Kong**	Low Risk	Israel	Risk	Thailand	Risk
Japan	Low Risk	Kenya	Risk	Tunisia	Risk
Slovakia	Low Risk	Lebanon	Risk	Turkey	Risk
Uruguay	Low Risk	Macedonia	Risk	Uganda	Risk
Albania	Risk	Madagascar	Risk	Ukraine	Risk
Belarus	Risk	Malawi	Risk	Vietnam	Risk
Bosnia and Herzegovina	Risk	Malaysia	Risk	Bangladesh	High Risk
Brazil	Risk	Mauritius	Risk	Cambodia	High Risk
Bulgaria	Risk	Mexico	Risk	Ethiopia	High Risk
China***	Risk	Moldova	Risk	Guatemala	High Risk
Colombia	Risk	Montenegro	Risk	India	High Risk
Costa Rica	Risk	Nepal	Risk	Pakistan	High Risk
Croatia	Risk	Nicaragua	Risk	Iran	No Sourcing
Dominican Republic	Risk	Papua New Guinea	Risk	Myanmar	No Sourcing
Ecuador	Risk	Peru	Risk	North Korea	No Sourcing
Egypt	Risk	Philippines	Risk	Turkmenistan	No Sourcing
		Rwanda	Risk	Uzbekistan	No Sourcing

Risk Grading and Minimum Audit Requirements***

Low Risk	No Audit
Risk	1-day Social and Environmental Audit *** as part of Tchibo Quality Audit, if expertise allows
High Risk	2-day Social and Environmental Audit
No Sourcing	

**** If required, the higher audit standard has to be applied.

Indicators and Sources for Country Risk Score

Governance	Political Freedom 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: Labour Regulation Index	International Trade Union Conference: Global Rights Index			
Safety and Conflict	Corruption			
Institute for Economics and Peace: Global Peace Index	Transparency International: Corruption Perceptions Index			
Air Quality and Pollution	Water and Sanitation, Water Resources	Agriculture, Heavy Metal Exposure	Biodiversity and Habitat, Forests, Fisheries	Climate and Energy
Yale Center for Environmental Law & Policy: Environmental Performance Index				

* Tchibo Social and Environmental Code of Conduct: tchibo.com/SCoC

** In Hong Kong, we monitor the situation closely. While civic rights have been severely restricted, labour rights are still mostly respected.

2 Country Policies

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
All risk and high risk countries		<ul style="list-style-type: none"> No sourcing in case of Zero Tolerance findings at new factories. No sourcing in case Zero Tolerance remediation is not started after for weeks at factories with established buying relationship.
Bangladesh	<ul style="list-style-type: none"> High risk in regard to fire and building safety in textile, garment and footwear factories throughout the country. 	<ul style="list-style-type: none"> Every factory to be assessed on overall suitability according to Tchibo SCoC in a pre-visit by qualified Tchibo staff. Every RMG factory to be assessed on fire and building safety according to requirements of International Accord on Health and Safety in the Garment Industry ("Accord"). Every non-RMG factory to undergo and/or prove structural and fire safety engineering inspection in line with Accord requirements. Every factory to be added to the Tchibo portfolio needs to be registered with Accord. 100% of initial Accord findings to be corrected within one year.
Germany	<ul style="list-style-type: none"> Risk of violation of the minimum wage law (Mindestlohngesetz, MiLoG, 2015) especially in contract work, contracts for work and contracts for services. 	<ul style="list-style-type: none"> All purchasing contracts require business partners to guarantee compliance with the MiLoG. Depending on the identified risk, a MiLoG audit might be carried out at new production sites located in Germany by an external service provider.
Great Britain	<ul style="list-style-type: none"> Textile and garment factories in and around the city of Leicester are alleged to violate labour law in the form of informal work, below-minimum wage remuneration, inadequate health and safety standards and other. 	<ul style="list-style-type: none"> No production in/sourcing from Leicester.
India	<ul style="list-style-type: none"> High risk of forced labour of young women in the textile and garment sector of the state of Tamil Nadu through the "Sumangali" scheme. 	<ul style="list-style-type: none"> 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. Manufacturers in Tamil Nadu to participate in Tamil Nadu Training Project of German Partnership for Sustainable Textiles ("Textilbündnis") or in the WE Program.

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Country	Risk	Policy
Israel	<ul style="list-style-type: none"> Palestinian workers in Israel might face discrimination in employment, wages and working conditions, especially in Israeli-administered industrial zones in the West Bank. 	<ul style="list-style-type: none"> No production in/sourcing from West Bank and Gaza Stripe.
Italy	<ul style="list-style-type: none"> 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 laws and standards as well as other laws notoriously. 	<ul style="list-style-type: none"> 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.
Myanmar	<ul style="list-style-type: none"> Systematic violation of civic and human rights since military coup in February 2021 	<ul style="list-style-type: none"> No sourcing from Myanmar from January 2022. Finalization of current production to be carried out under conditions of heighthened due diligence and ACT Framework for Responsible Suspension of Orders in Myanmar/ACT Responsible Exit Policy and Checklist.
Turkey	<ul style="list-style-type: none"> Number of 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. Businesses are allowed to employ Syrian refugees if they do not represent more than 10% of the total workforce of the company. 	<ul style="list-style-type: none"> Suppliers and producers in Turkey are to be informed about the Tchibo policy on refugees in Turkey: no child labour, no discrimination, equal pay for equal work, provide translations into Arabic, compliance with national regulation (including 10% quota). The regular Tchibo child labour policy applies. Each new supplier and producer must undergo a diligent desk research.

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3 Issue-related Policies

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Issue	Risk	Policy
Abrasive Blasting	<ul style="list-style-type: none"> For certain garments and other products, abrasive blasting in the form of sand- or chemical blasting is applied. Exposure to dust from blasting techniques is a serious health hazard, which can damage the respiratory system and may be lethal. 	<ul style="list-style-type: none"> Abrasive blasting processes is checked as part of internal and external audits. No sourcing from manufacturers that apply sandblasting or chemical blasting in textile production. Sourcing from non-textile factories that apply abrasive blasting methods only if required safeguards are in place. If audits reveal risks associated with abrasive blasting processes, an in-depth “Risk Check Abrasive Blasting” is mandatory.
Child Labour	<ul style="list-style-type: none"> Child Labour refers to work that is, with exceptions, carried out by children aged below 16. 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. 	<ul style="list-style-type: none"> No sourcing from factories that employ children Remediation in cases of Child Labour: <ul style="list-style-type: none"> The worker below the legal minimum age must be immediately released from work. The factory is expected to send the child back to his/her family and transportation cost must be covered by the factory. The open position is to be offered to a family member who has reached the legal minimum age for admission to work. The factory is expected to provide adequate financial and other support to enable such children to attend and remain in school. When reaching the minimum age for admission to work, the child is to be offered re-employment in his/her earlier position.
Home and Cottage Work	<ul style="list-style-type: none"> 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. Risk issues include child labour, no payment of minimum wages, excessive overtime etc. However, homeworkers may have advantages such as flexible working hours, saving on child care etc., and thus may prefer this work. 	<ul style="list-style-type: none"> Homework is only accepted if it is known to Tchibo and if all requirements of the Tchibo SCoC are met. In case of homework, suppliers must provide detailed information on <ul style="list-style-type: none"> exact place(s) of the homework (i.e. regions, villages, buildings etc.), the entire value chain from raw materials to finished product, including all intermediaries involved, the suppliers’/factories’ system to monitor working conditions in those homes. Orders can only be placed if the evaluation of all information shows that SCoC minimum requirements are met.