



SUSTAINABILITY REPORT 2020

ACCORDING TO THE STANDARDS OF THE GLOBAL REPORTING INITIATIVE (GRI)



Photo: Philipp Schütz



GRI 102

GENERAL DISCLOSURES

As a family-owned company, we consider it our duty not to wait for catastrophes such as the COVID-19 pandemic or the climate crisis, but to move forward courageously and use our creative capabilities for the well-being of future generations. We will therefore consistently pursue our chosen path in the area of environmental and social commitment.

CEO, THOMAS LINEMAYR

A message from our most senior decision-maker

As 2020 has shown us, even circumstances that appear certain and predictable can change rapidly. Suddenly, we had to reinvent established ways of working overnight and put our approach to work to the test. These were twelve months that were extremely challenging - both for us and for all the people who work for us around the world. Yet we also learnt a lot during this extraordinary and turbulent time. For example, we saw how important it is for us as a company to prioritise accountability, humanity and equality - values that we can all depend on, even in times of crisis: our employees, our partners, our stakeholders and, last but not least, our directors.

There were two vital ingredients that helped us get through this difficult time: long-term, reliable partnerships in our supply chains and the unwavering determination of our employees to pull together and overcome the crisis. Thanks to our long-standing business relationships that are built on trust, we have been able to be flexible in our response to supply bottlenecks with the support of numerous partners around the world. By the same token, it went without saying that we would honour all our commitments to our suppliers, take delivery of the goods we had ordered, and use our relationships with trade unions around the world to fight redundancies and promote safe working conditions in our factories.

We are profoundly grateful for the exceptional commitment shown by our employees and for the indomitable team spirit that we were so lucky to experience in all of Tchibo's divisions, branches and shops throughout this extraordinary situation. The pandemic has brought the Tchibo family even closer together, strengthening our bonds both within the organisation and with our partners around the world.

Increasing our commitment to sustainability

This reinforces our resolve to continue along our chosen path of environmental and social commitment. Responsible business processes and good relationships with our partners don't just allow us to survive a pandemic. Both of these factors also help us to actively confront other global crises such as climate change, the scarcity of drinking water, soil degradation and increasing poverty. One thing this past year has taught us is that we can't prepare for every possible risk. Nevertheless, we are able to use our powerful network and adopt measures that will enable us to tackle future crises that can already be foreseen today and that, with a little foresight, we can avoid or at least mitigate.

Thomas Linemayr, 2020



As a family business, we consider it our duty not simply to wait for catastrophes to happen, but to forge ahead with courage, putting our creative skills to work for the benefit of future generations. That is why we have developed viable, sustainable structures and measurable goals:

- On the climate front, we will reduce our CO₂ emissions by half by 2030 by upgrading our roasting plants and implementing efficient logistics.
- All of our textiles will be produced sustainably by 2025, with 100% of the cotton textiles we produce being sustainable by 2021.
- By 2025, at least 50% of our coffees should be certified sustainable or sourced from regions undergoing sustainable development.
- To fight poverty, we also continue to advocate at the political level for a supply chain law that would oblige all companies to pay fair wages and comply with environmental regulations - a vital tool that has the potential to quickly and tangibly improve working conditions across entire industries.

This report tells you more about what we are doing, how we are responding to the many challenges facing us when it comes to sustainability, what partnerships we have in place and what goals we have set ourselves for 2021.

One thing is certain: we will intensify our commitment to sustainability significantly once again in 2021 - at every level and in every sphere of activity. We want our programmes to have an even greater impact, to take all our employees and partners with us on the journey and to make it as easy as possible for our customers to make sustainable choices in their day-to-day lives.



THOMAS LINEMAYR
CEO TCHIBO GMBH

Organisation profile

GRI 102-1

Name of organisation

Tchibo GmbH, established in 1949 in Hamburg

GRI 102-2

Activities, brands, products and services

Tchibo supplies an extensive range of coffees, the Cafissimo single-cup system, Eduscho Gala and Qbo, as well as a range of non-food items that changes each week. The company also sells services such as Tchibo Travel and Tchibo mobile. Sales are via a multi-channel distribution system that includes the company's own shops, retail concessions and online shops.

The full international coffee portfolio includes the following coffee brands: Tchibo, Eduscho Gala, Qbo, Jihlavan-ka (CZ), Eduscho (A), Davidoff Café, Cafissimo.

GRI 102-3

Location of headquarters

Tchibo has its headquarters at Überseering 18, 22297 Hamburg, Germany.

GRI 102-4

Location of operations

In 2020, Tchibo operated subsidiaries in: Austria, Bulgaria, Czech Republic, Germany, Hungary, Hong Kong, Poland, Romania, Russia, Slovakia, Switzerland and Turkey.

In the eight countries of Germany, Austria, Switzerland, Poland, the Czech Republic, Slovakia, Turkey and Hungary, Tchibo operates a total of around 900 shops (550 of which are in Germany) and approximately 19,000 concessions in German retail stores. Tchibo operates dedicated online shops in Germany, Austria, Poland, Switzerland, the Czech Republic, Slovakia, Turkey and Hungary.

Tchibo's coffee-roasting facilities are located in Hamburg and Berlin in Germany and in Marki in Poland.

The company has primary logistics sites in Bremen, Neumarkt and Gallin in Germany and also in Cheb in the Czech Republic. We have smaller logistics centres outside of Germany – for distribution purposes in Senec in Slovakia, and for handling coffee orders in Austria and in Kampinos in Poland.

GRI 102-5

Ownership structure and legal form

Tchibo takes the legal form of a limited liability company (GmbH) and is a family-run business. The holding company maxingvest ag holds a 100% stake and is also family-owned (for more information, visit www.maxingvest.de).

Markets served

Tchibo coffee is enjoyed by customers all over the world. Carefully selected importers and distributors supply customers with product ranges that are perfectly tailored to each market - from food and beverage retailers to the hospitality sector.

Developments in the priority markets for coffee and consumer goods are listed below.

China: In 2019, selected coffee and non-food ranges were sold via an online retail platform in China. Sales were handled by a team based at the headquarters in Hamburg. This sales channel was closed in 2020.

Denmark: Starting in 2017, Danish customers were able to order products straight to their homes from their local Tchibo online shop. The Danish online shop was run by a team based at the headquarters in Hamburg. This sales channel was closed in 2020.

Austria: Vienna-based Eduscho Austria is the market leader with its two brands Tchibo and Eduscho and impresses with its extensive selection of roasted coffees, its non-food products and its coffee bars. Products are distributed through the 150 or so Tchibo/Eduscho shops, grocery shops and specialist retailers, as well as on the online shop.

Poland: Tchibo has been selling its products in Poland since 1992. After two successful years on the Polish market, Tchibo opened its own coffee-roasting plant in Marki in 1994. In 1999, Gala became the second Tchibo brand to be launched on the Polish market. To date, more than 30 Tchibo shops have opened in the bricks-and-mortar retail sector. Tchibo has been offering its customers the chance to order coffee and non-food products through its online shop since early 2008.

Sweden: From 2019 onwards, Swedish customers were able to order products straight to their homes from their local Tchibo online shop. The Swedish online shop was run by a team based at the headquarters in Hamburg. This sales channel was closed in 2020.

Romania: Tchibo has been operational in the capital city, Bucharest, since 2001. Products are distributed nationwide via the retail trade. Today, Tchibo is active in all market segments in the roasted and instant coffee sector in Romania, with coffee blends that are tailored to the country's unique taste profile.

Russia: Tchibo opened its first Russian branch in St. Petersburg in 1994, with a second outlet in Moscow following a year later. In the space of just a few years, Tchibo made a name for itself in Russia, becoming one of the leading coffee suppliers in the country.

Switzerland: In 2001, Tchibo entered the German-speaking market in Switzerland with direct selling. The Tchibo non-food range was initially available over the Internet and from the catalogue. In 2002, Tchibo opened its first shops in Lucerne, Winterthur and Basel. There are now around 40 shops selling all three Tchibo ranges.

Slovakia: In 1991, Tchibo became the first international coffee supplier to enter the market in what was then Czechoslovakia. Tchibo was a market leader even before the country split into two independent states. Following the break-up of Czechoslovakia, Tchibo opened a branch in Bratislava in 1993. Since then, coffee has been distributed through wholesalers and retailers. The Eduscho brand has also been available in Slovakia since 1998.

Czech Republic: Tchibo entered the market in the former Czechoslovakia in 1991 and was able to rapidly build its reputation as the first international coffee supplier. Today, Tchibo is the market leader in the roasted coffee segment with its international Tchibo brand and the local Jihlavanka brand. Its food and non-food products are distributed through Tchibo shops and retail concessions.

Turkey: In 2006, Tchibo entered the Turkish market with its first Turkish shop in one of Europe's largest shopping centres, Istanbul Cevahir. Following its successful market launch, distribution was expanded to more than 30 Turkish branches. Further branch outlets offering the usual Tchibo product range are in the planning stage.

Hungary: Tchibo's first Hungarian branch was established in Budapest in 1991. Since then, the coffee has been distributed nationwide via the retail trade. The Eduscho brand propelled Tchibo to its position as market leader in Hungary. There are now eight shops in Hungary, with the development of further locations being continuously evaluated.

GRI 102-7

Scale of the organization

Tchibo employs a total of roughly 10,500 people worldwide, about 6,800 of whom are employed in Germany. The total number of sites consists of the headquarters in Hamburg, three roasting facilities, about 900 shops worldwide, 19,000 concessions in Germany and four primary logistics centres. Every year, Tchibo puts more than 2,000 new products to market, selling them in its retail concessions, in its shops and in its online store. In 820 of Tchibo's shops, customers will also find a coffee bar offering a range of food and beverages. Services are also sold via Tchibo Mobile and Tchibo Travel, whilst insurance products and affiliate deals are sold in the online shop.

We disclose no information about total capital.

GRI 102-8

Information on salaried employees and other workers

- There were no significant changes in the personnel structure, broken down according to age groups.
- There has been a slight decrease in the number of employees, which is down by 201 compared with 2019.

Temporary staff account for a fluid proportion of the workforce at Tchibo's distribution centres in Gallin and Neumarkt. This proportion can fluctuate greatly depending on the season and the staffing requirements in logistics - during the Christmas season, for example. Workplace health and safety measures apply both to Tchibo employees and to temporary workers.

All workers are documented systemically. This enables automatic reporting of the absolute numbers of workers based on demographic factors such as gender and employment status. The personnel data in the GRI Report and in the tables are based on a data query for the Sustainability Report and are as at 31 December 2020. Specific details regarding salaried employees and other staff can be found in the **Key Figures** table.

There is no significant amount of work done by people not employed by Tchibo.

Personnel structure in 2020

	TOTAL	WOMEN	MEN
NUMBER OF STAFF IN GERMANY	6,761	5,247	1,514
FULL TIME (%)	40.3	51.3	48.7
PART TIME (%)	59.7	95.4	4.6
PERMANENT (%)	89.1	77.0	23.0
TEMPORARY (%)	10.9	82.3	17.7

GRI 102-9

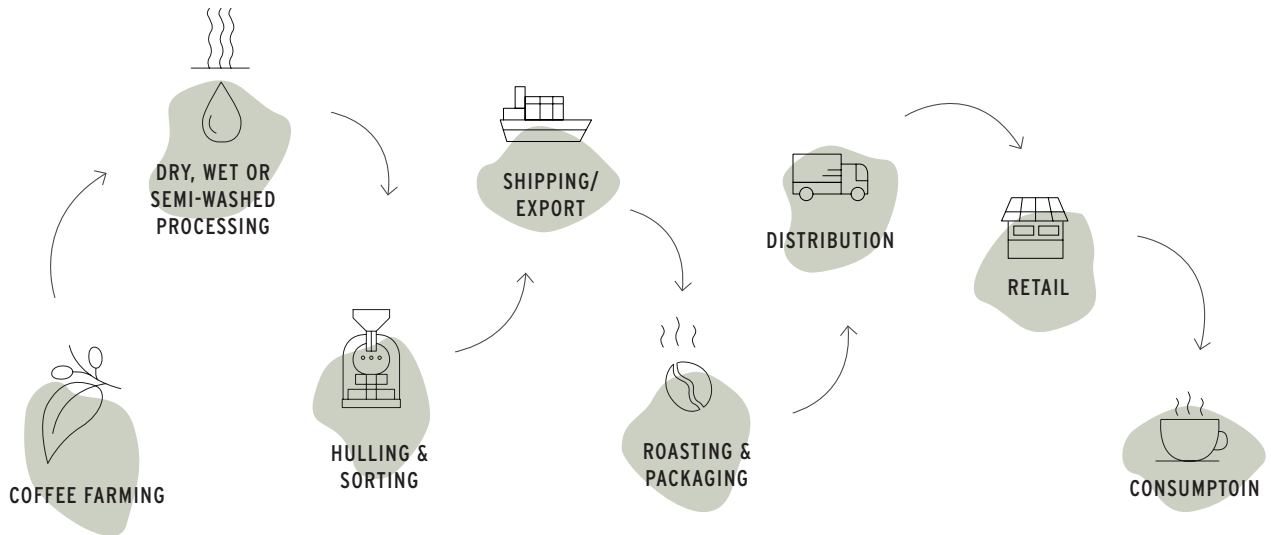
Supply Chain

Because the non-food range changes on a weekly basis and the coffee products are constantly being refined, Tchibo's supply chains are subject to annual changes. The supply chain structure underpinning all this is outlined below in a condensed form. For more information, see the sections **Non-Food** and **Coffee**.

In order for supply chains to be sustainable, transparency is key. Yet supply chains are complex, as demonstrated by the examples of coffee and cotton textile supply chains. Understanding the different stages in the value chain is a challenge that Tchibo faces in partnership with its suppliers, because enforcing labour, social and environmental standards impacts every product along its entire supply chain, not just at the final manufacturing stage. Tchibo's approach of building long-term supplier relationships and working closely on sustainability makes this task easier.

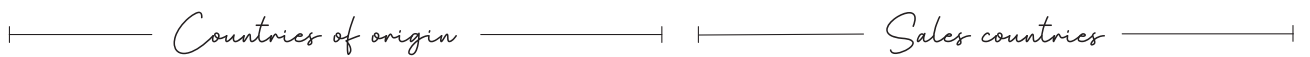
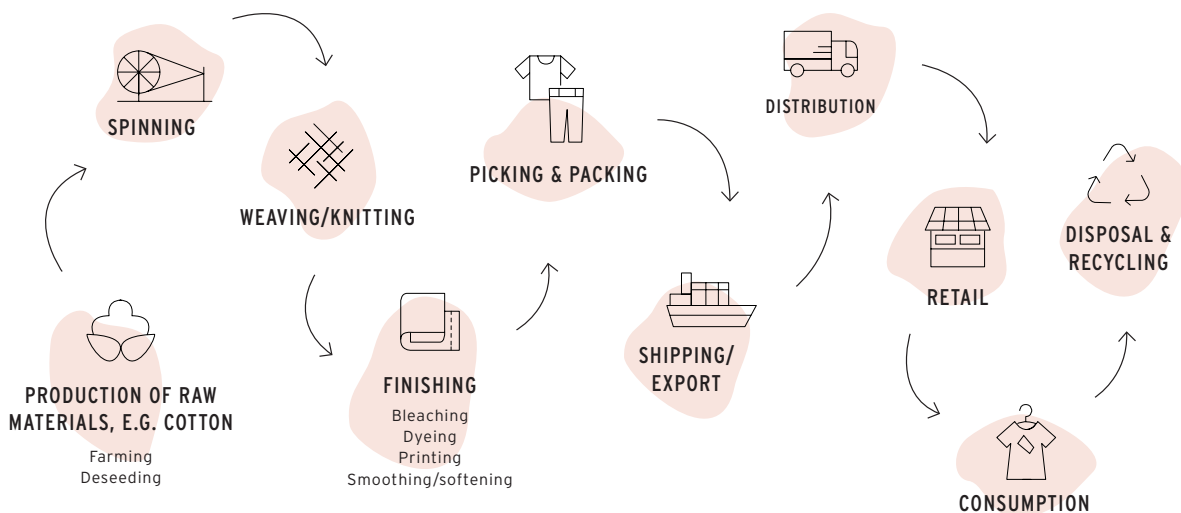
Coffee: After the coffee harvest, the coffee cherries go through the first processing stage locally. This can be done either by the farmer before they leave the farm, or at a processing facility, where the beans are delivered as quickly as possible. It is important that the pulp is removed from the beans within six hours to preserve the quality of the beans. Processing methods differ depending on the country of origin and the supply chain, and include dry (or natural) processing, washed processing and honey processing. In the next stage, the green coffee is sorted according to quality, based on factors such as size, density, defects and colour. Certified coffees are always separated from conventional coffees at this point. The beans are then ready to be sold: If the processing company does not have an export licence, it will sell the beans to an export or import firm, sometimes through a broker. Some countries have legislation that requires a large proportion of local produce to be sold by auction. The beans are then sold to a roasting facility - Tchibo, for example - and this can involve several steps, too. Once the coffee beans have arrived in Germany, they are checked to make sure they are free of any residues, and are then stored, cleaned again, roasted and packaged. Finally, they then reach the consumer via the retail trade.

Illustration showing the process steps in the coffee supply chain



Non-Food: From cotton growing, to harvesting and transporting the raw material, right through to the finished garment, there are many steps (preliminary stages) involved, such as spinning, weaving, knitting, dyeing, washing, making up and packaging, which are often carried out by different supplier companies in different countries. Suppliers of parts such as buttons, zips and appliqué elements are also involved.

Illustration showing the process steps in the textile supply chain



GRI 102-10

Significant changes in the organisation and its supply chain

There were no significant changes in the Tchibo organisation and supply chains in the 2020 reporting year.

GRI 102-11

Precautionary approach or precautionary principle

Doing business responsibly

We consider it our corporate duty to assume responsibility for our actions – along all our global value chains. Because we benefit from the advantages of a globalised world that is based on division of labour, we have an obligation to take responsibility for the impact of our business activities on people and the environment. A detailed explanation of our precautionary approach can be found in the consolidated **management approach for GRI 201, 203, 205 and 206**.

GRI 102-12 & -13

External initiatives & membership of associations and interest groups

Tchibo is a member of various associations and interest groups, as well as external initiatives for economic, environmental and social improvements. A detailed overview is provided [here](#).

GRI 102-15

Important implications, risks and opportunities

Risk assessment for the commercial business from the perspective of sustainability

Tchibo's business is vulnerable to a variety of risks, such as currency fluctuations and environmental events that can affect commodity prices. As part of a holistic risk management system, these dangers are identified and mitigated through the implementation of effective preventive measures. Corporate responsibility is a strategic component in Tchibo's risk prevention and business strategy. Thanks to the company's long-standing commitment to sustainability and the strategy of establishing sustainability as the cornerstone of its business, Tchibo is well placed to take advantage of current sustainability opportunities and to manage risks.

1. Strategic opportunity: Establishing Tchibo as a credible sustainable brand

- **Consumer trends:** Consumers are increasingly associating their purchasing decisions with a brand's commitment to sustainability. Our programmes and products enable us to respond to changing customer needs and develop our range.
- **Regulatory and ethical License to Operate:** On account of its many years of dedication in this area, Tchibo is in a position to respond effectively to the increasing trend towards legislation governing corporate responsibility (regulatory). In addition, Tchibo is seen by stakeholders, and increasingly by customers, as a pioneer in the mass market and is therefore well supported (ethical).
- **Safeguarding raw materials:** Climate change, extreme weather events, environmental degradation, biodiversity loss, and inadequate wages and farmers' incomes all hamper cultivation of raw materials, leading to resource scarcity. The sustainability programmes ensure access to sustainable resources/supply chains and reduce the risk of shortages.

2. Environmental & human rights regulatory framework at EU and German national level

- Based on the UN Guiding Principles on Business and Human Rights, purchasing companies have a responsibility towards the employees in their production facilities, even if the products are purchased from external suppliers. In February 2021, the German government committed to a supply chain law for businesses, which we very much welcome. Over two years ago, we joined 42 other companies in publicly calling for legal regulation of corporate and human rights due diligence in Germany.

3. Liability risks relating to social and environmental responsibility in our supply chain

- In the production of non-food articles, there are risks relating to (occupational) health and safety, environmental protection and building safety, especially in the production of textiles and clothing. In producing countries in Asia, there is often a lack of professional, integrative and effective risk management at the factory level, due in part to a lack of government oversight mechanisms. Tchibo is actively involved in preventive measures in its own supply chains and in sector-wide initiatives.

Measures to increase profitability

Figures for economic performance and global development will be included in the maxingvest ag consolidated financial statements.

The Sustainable Development Goals (SDGs)

As part of the global community, we have a role to play in achieving the SDGs and focus our sustainability efforts on those SDGs where we can have the greatest impact.

Of the 17 SDGs, nine are directly relevant to us in our supply chains and product ranges. They form the framework that governs how we understand social and environmental responsibility, how we define this responsibility in concrete terms for the world of Tchibo, and how we implement it across our product ranges, supply chains and processes.

How does Tchibo contribute to the sustainable development goals (SDGs)?

		Living Income & Living Wages		Reduced Inequalities & Real Empowerment
		Gender Equality at the Work Place		Sustainable Consumption & Circular Economy
		(Drinking)Water Protection, Sanitation & Hygiene		Climate Protection
		Decent Work, Health & Safety		Biodiversity, Chemical Management, Sustainable Farming & Forestry

Ethics and integrity – values, principles, standards and codes of conduct

Our values

We aren't just a big commercial enterprise; we are also a family business that has always had a strong sense of responsibility. It is especially important to us to protect the jobs of the more than 11,000 employees at our sites and in our supply chains. We are also committed to driving growth and generating profit as a business. Our golden rule is this: we believe in making a profit, but not at any price – and certainly not at the expense of people or the environment.

- **Transparency:** We don't go in for greenwashing. We want to make a genuine impact. Whenever we encounter obstacles, we are open and honest about them.
- **Humanity:** We put people at the heart of everything we do. We actively seek to include the voices of factory workers and farmers.
- **Impact:** We believe in the principle of return on investment – not just in financial terms but from an ecological and social perspective as well. We strive to operate efficiently, do what is right and deliver tangible results – for people and the planet, as well as for the Tchibo brand.
- **Fairness and sustainability for all:** We are committed to our customers. We take their wishes, their day-to-day needs and their lifestyle seriously and want to help them as best we can with our products and services.
- **Courage:** Rather than simply accepting the status quo, we explore new avenues to find the best way of realising our goals.

The Code of Conduct

Requirements for employees

The key international conventions and fundamental principles are enshrined in the Tchibo Code of Conduct (CoC), a binding document that serves to guide Tchibo employees in everything they do. The CoC forms the ethical basis upon which all employees do business, irrespective of their level within the company's hierarchy. It sets out our commitment among other things to full legal compliance and transparency as well as to the continuous improvement of business processes from an environmental, social and societal point of view. The CoC also governs the way we engage with business partners and customers.

The CoC prohibits all employees from engaging in any form of corruption or granting or accepting advantages. The Code of Conduct is updated regularly and compliance is monitored.

The Tchibo Code of Conduct (CoC) can be found in the [Downloads](#) area, under *Tchibo Policies & Commitments*.

Requirements for suppliers and business partners

The Tchibo Social and Environmental Code of Conduct (SCoC) forms the basis for cooperation with business partners (except in the coffee sector). It defines binding requirements for the conduct of suppliers, business partners and service providers concerning legally compliant and ethical practices. It is the foundation of all purchasing contracts and among other things defines minimum requirements for working conditions and environmental standards in the production of our non-food articles.

We are continually refining the SCoC against the backdrop of ever-increasing requirements and in line with our voluntary commitments.

The Tchibo Social and Environmental Code of Conduct (SCoC) can be found in the [Downloads](#) area, under *Supplier Policies & Guidelines*.

GRI 102-18

Governance structure

The management structure at Tchibo is described in the consolidated **management approach for GRI 201, 203, 205 and 206**.

It is our goal to make sustainability management integral at every level within the company, integrating it in every department. The overarching framework of strategic goals, coordination and governance are entrusted to the Corporate Responsibility Directorate. This Directorate reports to the Chairman of the Board of Directors and, with the help of its team, supports the various departments with implementing and further developing their sustainability goals. The Directorate also coordinates stakeholder management at both an overall level and at the level of the individual departments. Based on the strategic framework, these departments develop and implement department-specific targets and measures to achieve the necessary ecological and social transformation processes. Assuming responsibility and acquiring expertise in sustainability issues within the various departments is part of an ongoing process and is continually being developed. We have had great success in 2020: Responsibilities have increasingly been handed over to individual departments and there is a collective prioritisation and alignment of the most important sustainability goals and measures across departments.

Areas of responsibility for sustainability in the company

	Goal setting and agreement of goals/ intermediate goals	Measures and projects for implementing goals/intermediate goals	Review, including reporting	Communication	External promotion on the topic of sustainability	Data protection	Issues Management/ Risk Management
CEO	●		●		●	●	● <i>(Information)</i>
EXECUTIVE BOARD	●		●			●	● <i>(Information)</i>
UPERVISORY BOARD	● <i>(Information)</i>		●			● <i>(Information)</i>	● <i>(Information)</i>
MAXINGVEST AG	● <i>(Information)</i>		●			● <i>(Information)</i>	● <i>(Information)</i>
WORKS COUNCIL	●		●			●	● <i>(Information)</i>
SPECIALIST DEPARTMENTS: PRODUCTS	●	●	●	●		●	
SPECIALIST DEPARTMENTS: PROCESSES/SALES	●	●	●	●		●	
LOGISTICS	●	●	●	●		●	
LEGAL DEPARTMENT	●	●				●	●
HR DEPARTMENT	●		●			●	
CORPORATE COMMUNICATIONS/OTHER STAFF		● <i>(Support)</i>		●			● <i>(Information/Recording)</i>
WORKING GROUP	●	●				●	
DEPARTMENT CORPORATE RESPONSIBILITY	●	●	●	●	●	●	●

Stakeholder engagement

GRI 102-40

List of stakeholder groups

Description of stakeholder groups



GRI 102-41

Collective bargaining agreements

Collective bargaining agreements apply to all our employees in Germany, with the exception of the managing directors of Tchibo GmbH.

GRI 102-42

Identification and selection of stakeholders

As far back as autumn 2012, we began to identify more than 1,200 stakeholders and to group them: customers, employees, suppliers and business partners, non-governmental organisations, governmental organisations, trade unions, consumer protection organisations, academia, banks and insurance companies, and the media. In order to do this, we invited 430 of the 1,200 stakeholders to take part in an anonymous online survey at the end of 2012. Selection was made by considering the relevance of each stakeholder, based on their institution, on Tchibo and on their potential influence on our brand. We also felt it was important to select stakeholders with extensive expertise in the field of sustainability, people we could learn from and work with to make a difference. The following table provides an up-to-date overview of the stakeholder groups, their fundamental concerns and the way in which we interact with them.

	MEDIA	SURVEYS	MEMBERSHIPS, NETWORKS AND VOLUNTARY COMMITMENTS	PROJECTS	DISCUSSION EVENTS
FORMATS	<ul style="list-style-type: none"> Website & Webshop Blog, social media & forums Newsletter Annual report and sustainability report Press releases Intranet Public controversies Customer service Booklets/magazines Product information Certificates & Copies Ausfertigungen 	<ul style="list-style-type: none"> Employee surveys Consumer surveys Market research and trend analysis (internal & external) 	<ul style="list-style-type: none"> General meetings Meetings with alliance partners Working groups Workshops Round Table Conferences (e.g. environmental) Sharing best practice Steering committees 	<ul style="list-style-type: none"> Dialogue on specific topics Collaboration projects Working groups Research projects Collaborations with higher education institutions Employee training courses Employee promotions/campaigns Workshops 	<ul style="list-style-type: none"> Press events Sharing best practice Round Table Factory exhibitions Open day Local events Working groups Bilateral meetings Trade fairs Symposiums Training courses
STAKEHOLDERS	<ul style="list-style-type: none"> Media and publicity Communities Competitors Banks & insurance companies Governmental organisations Employees Customer service Consumer protection organisations Suppliers & business partners 	<ul style="list-style-type: none"> Customers Employees Media and publicity Scientific community Competitors Trade unions Consumer protection organisations Suppliers & business partners 	<ul style="list-style-type: none"> NGOs and initiatives Competitors Governmental organisations Trade unions Consumer protection organisations, suppliers & business partners Scientific community 	<ul style="list-style-type: none"> Associations and trade unions Scientific community & experts NGOs and initiatives Competitors Governmental organisations Employees and potential employees Suppliers & business partners Start-ups Technology providers 	<ul style="list-style-type: none"> Media and publicity Communities Competitors Governmental organisations Trade unions Employees and potential employees Customers Consumer protection organisations NGOs and initiatives
EXAMPLES	<ul style="list-style-type: none"> Sustainability reports ARD/ZDF Markencheck (brand check) Coffee report Collaboration with bloggers Participation in Green Fashion Week Position on the Supply Chain Act 	<ul style="list-style-type: none"> Coffee report Customer survey on buying back goods Customer survey on second hand goods Survey about key sustainability issues among customers Sustainability marketing campaign analysis 	<ul style="list-style-type: none"> Global Coffee Platform Fairtrade Rainforest Alliance Aid by Trade Foundation Better Cotton Initiative Partnership for Sustainable Textiles Coffee & Climate Forest Stewardship Council Fur Free Retailer Program ACT on Living Wages 	<ul style="list-style-type: none"> Corporate Volunteering Coffee Mainstreaming Developing transparent supply chains Young Talent Challenge Sustainability training for employees New CR coffee strategy 	<ul style="list-style-type: none"> 'Let's talk' events Tag der offenen Tür WE programme 'International Conferences ITC' Tchibo Share press events Workshops as part of the Partnership for Sustainable Textiles City Nord Sports Week Participation as part of ACT/GFA

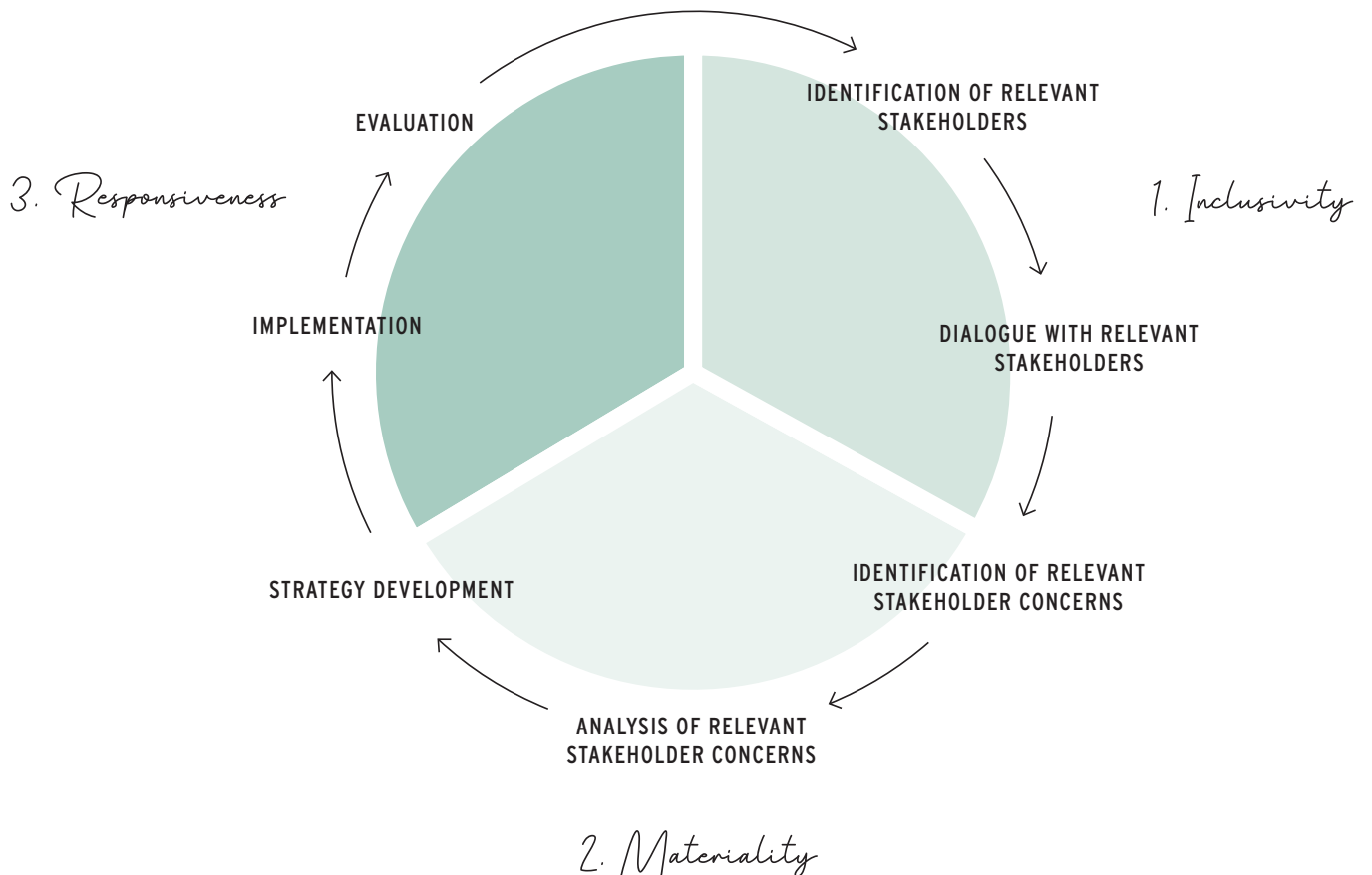
Initially, mapping on its own does no more than provide transparency about the various stakeholder groups. However, due to the constantly changing framework conditions in the field of sustainability and in our own business development, this must be reviewed and adjusted continuously. As a globally operating company with many different areas where environmental protection, social responsibility and social development intersect, Tchibo is therefore constantly updating its list of stakeholders. It is important to note that the selection of stakeholders does not in itself reflect the relevance of the individual stakeholder groups for the company and the implementation of its strategy, nor does it reflect their ability to (help) shape the management of the company. Tchibo therefore supplements its mapping process with corresponding materiality assessments.

GRI 102-43 & -44 **Approach to stakeholder engagement & key issues and concerns**

As a global enterprise, Tchibo shares responsibility for finding solutions to environmental and social challenges that result from its business activities. We are convinced that solutions to global challenges and the innovations they require can often be better developed in cooperation with other social actors. The close and continuous dialogue we foster with stakeholders both within and outside the company is therefore extremely important to us. We want to understand our stakeholders' expectations and opinions, incorporate their ideas as we continue to develop our sustainable business processes, and work with them to devise forward-looking solutions to the environmental, social and societal challenges they face. Within this context, dialogue with our

stakeholders also provides the impetus for important innovation processes - both within the company and at the societal level. At the same time, it is important that we engage in dialogue with our stakeholders in order to identify opportunities and risks for Tchibo's business as early as possible and thus allow us to take proactive action.

Involving stakeholders, working with them to identify relevant issues and responding with appropriate measures - this approach reflects our principles of inclusivity, materiality and responsiveness. Relevant stakeholders are involved according to the issue and the occasion, using carefully selected formats such as surveys, open discussions and participation in initiatives and alliances, such as the Global Coffee Platform (GCP) or the Partnership for Sustainable Textiles in Germany.



The key issues and concerns raised are detailed in the sections **Non-Food**, **Coffee**, **People** and **Environment**, as well as in the GRI Standards 300s (Economic Standards) and 400s (Social Standards).

Reporting procedure

GRI 102-45

Entities included in the consolidated financial statements

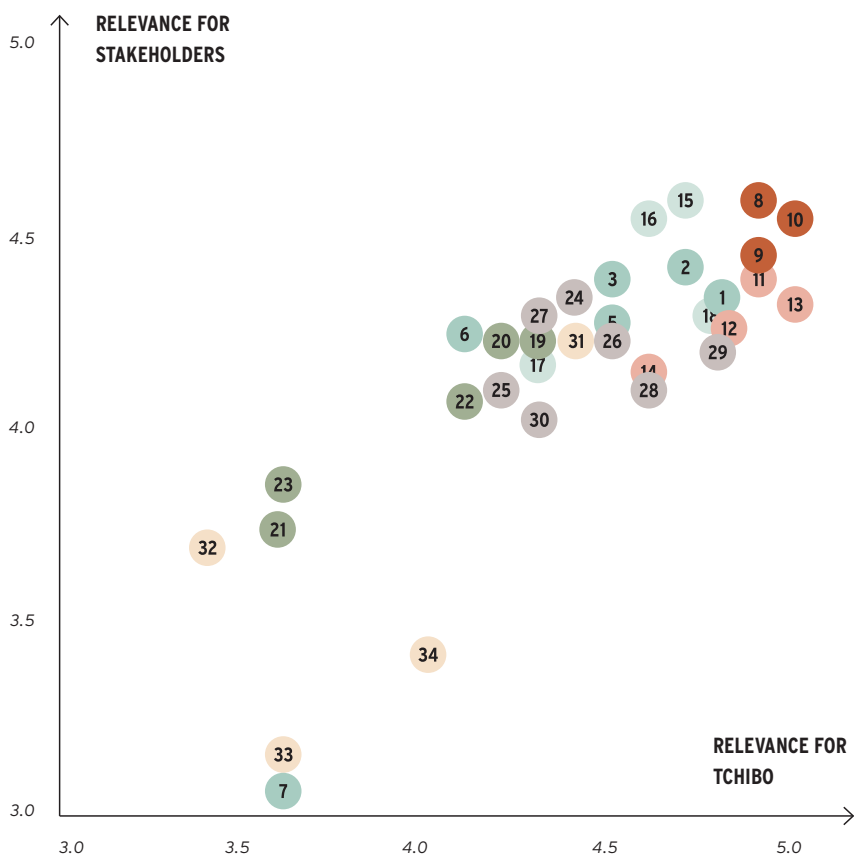
All information in this report relates to the sustainability-related business activities of Tchibo GmbH and the company's locations in Germany. This includes the company headquarters in Hamburg, its roasting facilities in Hamburg and Berlin, and the warehouses. The international subsidiaries are also covered by this, provided they make use of centrally controlled processes and products.

GRI 102-46

Defining report content and topic boundaries

The digital sustainability report comprises two sections: the prefacing web pages, which address the material issues, activities and measures, and the GRI Report. The material issues are taken from our corporate responsibility strategy, which follows the principles of materiality and impact. This strategy is subject to an annual review process as well as to a dynamic, impact-focused management process over the course of the year. The material issues are laid out in GRI 102-47.

Review and development: In 2012, we conducted a comprehensive stakeholder survey to form the basis for our materiality analysis. Over 1,200 stakeholders were identified and grouped in the process (see 102-42). We initially used the results of the survey to guide our strategy. The relevance of the issues to Tchibo's stakeholders was also translated into a materiality matrix. Using this matrix, we were able to extract the material issues. The results of the materiality analysis from 2012 are shown in the figure below:



- **Customers**
- 15 Customer focus and customer service
- 16 Product quality and safety
- 17 Range of sustainable products and information about them
- 18 Consumer protection and data privacy
- **Environmental protection**
- 19 Climate protection
- 20 Eco-friendly logistics solutions
- 21 Sustainable transport in the vehicle fleet and the company car portfolio
- 22 Conserving resources in the company
- 23 Nature conservation and biodiversity
- **Employees**
- 24 Company culture
- 25 Co-determination
- 26 Work-life balance
- 27 Training and development
- 28 Equal opportunities
- 29 Health and safety
- 30 Pay and employee benefits
- **Society**
- 31 Social engagement in the countries where our products are produced (coffee, cotton)
- 32 Social engagement in core sales markets (Germany, Austria, Switzerland)
- 33 Encouraging volunteer work / corporate volunteering
- 34 Funding projects in the social context of the core business, e.g. sponsorship, support for educational initiatives, etc.

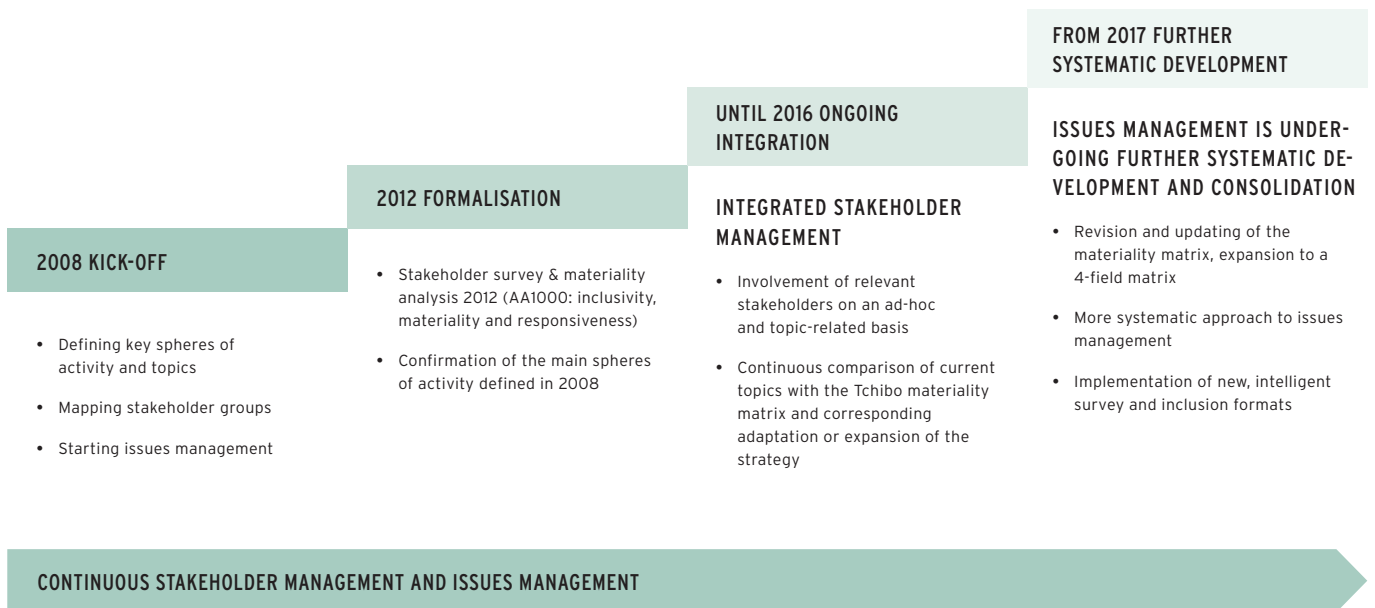
- **Sustainability management**
- 1 Economic stability
- 2 Sustainability as a key component of corporate strategy
- 3 Structures, guidelines and frameworks for responsible corporate leadership, corporate governance and compliance
- 4 Dialogue in partnership with stakeholders
- 5 Transparency and reporting
- 6 Involvement of international subsidiaries in sustainability management
- 7 Political opinion

- **Coffee supply chain**
- 8 Social standards in the coffee supply chain
- 9 Environmental standards in the coffee supply chain
- 10 Sourcing sustainable, high-quality green coffee
- **Consumer goods supply chain**
- 11 Social standards in the consumer goods supply chain
- 12 Environmental standards in the consumer goods supply chain
- 13 Qualification of suppliers to improve social standards
- 14 Resource-saving product design of consumer goods

We are in constant dialogue with sustainability experts and our stakeholders to further develop our corporate responsibility issues and strategies. At the same time, we work closely with our colleagues from all relevant departments to evaluate and select the issues. We use this as the basis for continuously prioritising the issues for our sustainability management and for constantly refining the materiality analysis.

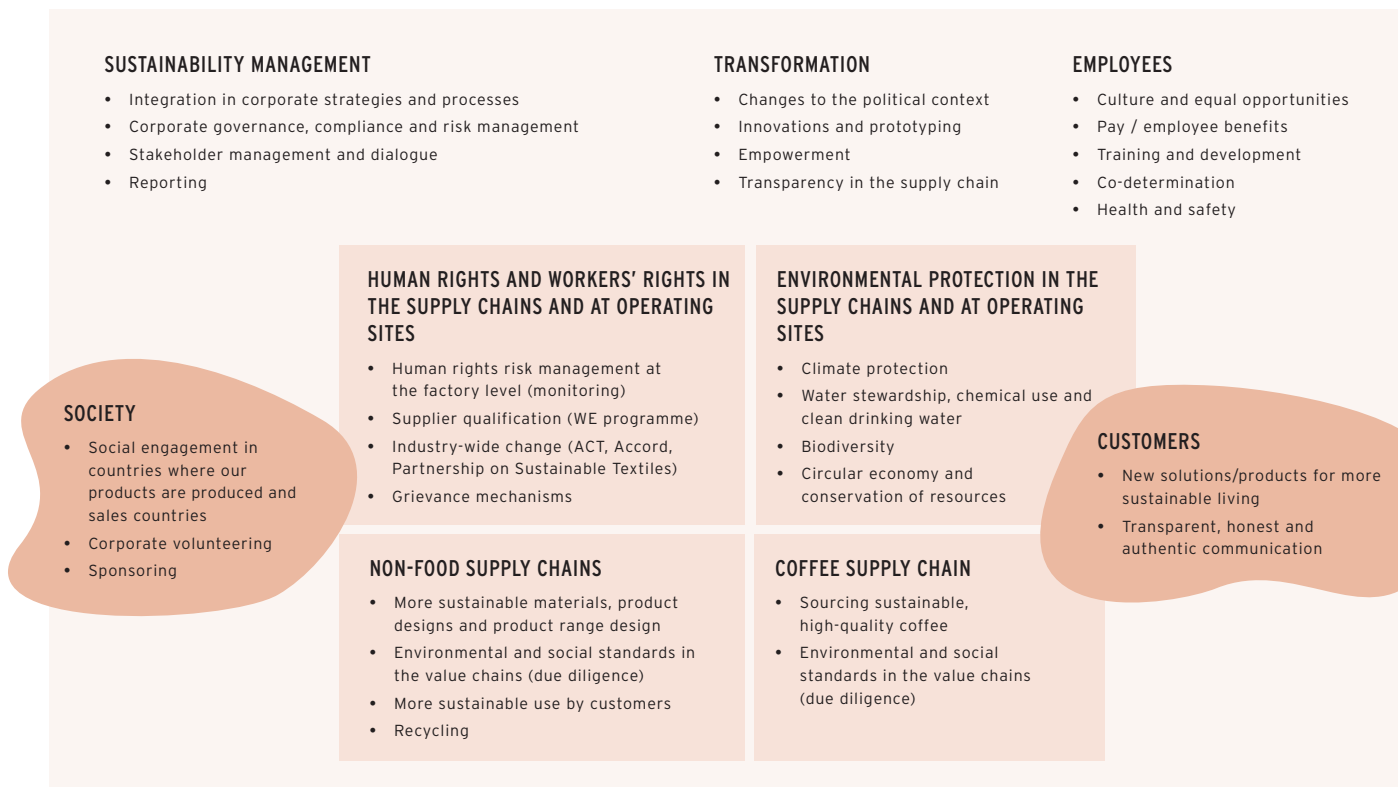


Alongside stakeholder management, we also consider issues management – a kind of issue radar – to be extremely important for the materiality process at Tchibo. It serves to identify, analyse and evaluate societal trends and current developments at an early stage. This radar allows us to identify potential risks and maximise our impact. On the other hand, the current issues can also provide us with opportunities to shape our sustainability strategy and Tchibo's brand positioning and impact management. In this respect, issues management has a direct influence on strategic planning and the prioritisation of issues. It is therefore a vital tool in the materiality process as well. This process can be mapped as follows since 2008:



List of material issues

We have grouped the issues that are of material importance to Tchibo into nine topic areas.



Restatement of information & changes in reporting

Change in the 2020 reporting year

Adoption of the GRI 102-15.

Change since the 2019 reporting year

The latest sustainability report is no longer a stand-alone narrative report, but has been converted into a GRI Report. This is complemented by a digital sustainability communication platform and regular publication of a Sustainability Magazine.

GRI Report: The new reporting format is consistent with our alignment with GRI Standards and includes details of management approaches for all topic areas.

In order to generate the publicity needed for the topic of our commitment to sustainability at Tchibo, we have developed an engaging sustainability magazine to complement the GRI Report, which is available to anyone who is interested, both in printed form and as an online download. It covers all material sustainability issues and measures across the company and will be supplemented by individual issues on selected deep-dive topics from 2021 onwards.

In addition, we are using this online presence to provide a digital communication platform, the Digital Hub, to accompany the GRI Report and the sustainability magazine, which, in addition to the GRI Report, contains all the sustainability issues relevant to Tchibo. Moreover, the Digital Hub also features a lot of in-depth background information, a newsfeed, project reports and regular information updates.

GRI 102-50

Reporting period

This GRI Report includes measures, results and key performance indicators from the 2020 financial year (1 January 2020 to 31 December 2020).

GRI 102-51

Date of last report

The last report (Sustainability Report 2019) was published in January 2021.

GRI 102-52

Reporting cycle

The sustainability report is updated every year and published on the sustainability website (www.tchibo-nachhaltigkeit.de/en). In addition, the sustainability website also provides regular updates on projects and a newsfeed with the latest news.

GRI 102-53

Contact for questions about the report

A contact form will be provided on the website to allow anyone with questions about the report to contact the Corporate Responsibility Department directly.

Anyone who wishes to do so can also contact us by email at sustainability@tchibo.de.

GRI 102-54

Explanation of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the GRI Standards (core option).

GRI 102-55

GRI content index

The content index corresponds to the structure outlined in the Sustainability Report section at www.tchibo-nachhaltigkeit.de/en.

GRI 102-56

External auditing

Due to the change in the sustainability reporting process for the 2019 reporting year, rather than carrying out an audit we will have the 2020 Sustainability Report analysed by an external provider to identify gaps and potential for improvement.

Regular auditing of our report is expected to resume with the sustainability report for the 2022 reporting year.

GRI 200

ECONOMIC STANDARDS

Management approach for GRI 201, 203, 205, 206

Our commitment – responsible corporate governance

Our focus on long-term success and the guiding principle of the honourable merchant are what define the way Tchibo, a family-owned company, does business. We consider it our corporate duty to assume responsibility for our actions – along all our global value chains. Because we benefit from the advantages of a globalised world that is based on division of labour, we have an obligation to take responsibility for the impact of our business activities on people and the environment.

With this in mind, in 2006 we made sustainability an integral part of our business strategy, our Tchibo DNA and our Code of Conduct. Our guiding principle was and still is to view sustainability as a process that we work on every day to achieve improvements and thus also ensure our economic success in the long term. Our goals are to ensure fair working and living conditions for the people in our supply chains and to achieve greater environmental protection, for example by using resource-conserving materials, employing innovative production processes and introducing new, sustainable product ranges – whilst keeping in mind consumer expectations as well.

In August 2011, we formulated our core strategic goal: Tchibo is on its way to becoming a 100% sustainable business. With that in mind, we are continually adapting our business processes and products to be more environmentally and socially responsible. For us, becoming a 100% sustainable company is both an ethos and a journey. An ethos because we always strive to innovate and find novel approaches when faced with obstacles, and a journey because we know that new insights will continually open up new fields of action and that, as a private company, we must at the same time be mindful of economic requirements too.

The executive bonus system from middle management right up to top management (CEO) is based on the core objectives of the corporate strategy. Sustainability is therefore closely linked to the bonus system, as is the achievement of annual sustainability targets.

We draw on internationally recognised standards and guidelines as the basis for our approach to doing business, in particular:

- the International Human Rights Charter,
- the ILO Declaration on Fundamental Principles and Rights at Work, and
- the OECD Guidelines for Multinational Enterprises.

In addition:

- we support the United Nations 2030 Agenda for Sustainable Development,
- we are a member of the United Nations Global Compact and actively promote the implementation of the Sustainable Development Goals (SDGs),
- in our policy statement of May 2018, we explicitly commit to respecting human rights on the basis of the UN Guiding Principles.

We are firmly convinced that the only way to secure the future of our company is to do business sustainably. This is dependent on an intact environment which forms the basis for high-quality products, on respect for and observance of human rights in the supply chains, on reliable cooperation with responsible business partners, on passionate employees and, last but not least, on the trust of our customers.

Our values

Yet we aren't just a big commercial enterprise; we are also a family business that has always had a strong sense of responsibility. It is especially important to us to protect the jobs of the more than 10,000 employees at our sites and in our supply chains. We are also committed to driving growth and generating profit as a business. Our golden rule is this: we believe in making a profit, but not at any price - and certainly not at the expense of people or the environment.

Transparency: We don't go in for greenwashing. We want to make a genuine impact. Whenever we encounter obstacles, we are open and honest about them.

Humanity: We put people at the heart of everything we do. We actively seek to include the voices of factory workers and farmers.

Impact: We believe in the principle of return on investment - not just in financial terms but from an ecological and social perspective as well. We strive to operate efficiently, do what is right and deliver tangible results - for people and the planet, as well as for the Tchibo brand.

Fairness and sustainability for all: We are committed to our customers. We take their wishes, their day-to-day needs and their lifestyle seriously and want to help them as best we can with our products and services.

Courage: Rather than simply accepting the status quo, we explore new avenues to find the best way of realising our goals.

The Code of Conduct

Requirements for employees

The key international conventions and fundamental principles are enshrined in the Tchibo Code of Conduct (CoC), a binding document that serves to guide Tchibo employees in everything they do. The CoC forms the ethical basis upon which all employees do business, irrespective of their level within the company's hierarchy: It sets out our commitment among other things to full legal compliance and transparency as well as to the continuous improvement of business processes from an environmental, social and societal point of view. The CoC also governs the way we engage with business partners and customers.

The CoC prohibits all employees from engaging in any form of corruption or granting or accepting advantages. The Code of Conduct is updated regularly and compliance is monitored.

The Tchibo Code of Conduct (CoC) can be found in the [Downloads](#) area, under *Tchibo Policies & Commitments*.

Requirements for suppliers and business partners

The Tchibo Social and Environmental Code of Conduct (SCoC) forms the basis for cooperation with business partners (except in the coffee sector). It defines binding requirements for the conduct of suppliers, business

partners and service providers concerning legally compliant and ethical practices. Among other things, it defines minimum requirements for working conditions and environmental standards in the production of our non-food items and provides the basis for all purchasing contracts.

We are constantly refining the SCoC against the backdrop of ever-increasing requirements and in line with our voluntary commitments.

The Tchibo Social and Environmental Code of Conduct (SCoC) can be found in the **[Downloads](#)** area, under *Supplier Policies & Guidelines*.

Grievance mechanisms

Grievance mechanisms are an essential component in ensuring that human rights and environmental protection are firmly embedded in supply chains. They help us to identify violations of labour and environmental standards and then, at the next stage, to work together with those affected and those responsible to remedy the situation.

If grievance mechanisms are to work, people need to know that they exist, how to use them and how to formulate a complaint. And they must feel confident that their concerns will be kept confidential if they so wish. However, grievance mechanisms alone do not necessarily contribute to long-term improvements because they only provide retrospective and selective intervention. In order to change those structures that facilitate violations of workers' rights and environmental damage, we incorporate the insights gained from grievances into our longer-term measures.

Tchibo has established a system consisting of multiple grievance channels, which is intended to allow as many people as possible to report grievances. Grievances are logged and investigated by a designated Tchibo employee, if possible together with local WE experts in the non-food supply chains. We often enlist the help of external and independent expert organisations for the investigation as well. This is used as the basis for an action plan, which is drawn up in collaboration with the relevant Tchibo departments, such as Purchasing. We do everything we can to resolve grievances by working together with those affected and those who caused have caused them. The results are then used to inform our supply chain programmes, training courses and business processes. In doing so, we hope to prevent further violations.

Direct grievances: Each and every person affected in our supply chains, their representatives and third parties can contact Tchibo directly, in confidence and anonymously, via any channel. In the past, for example, we have accepted grievances raised with Tchibo employees by phone, email or WhatsApp. The grievances address **socialcompliance@tchibo.de** is part of our mandatory Code of Conduct (SCoC) and must therefore be visible in all production facilities. It is communicated consistently on our websites. The SCoC obliges producers to have grievance-handling procedures in place, and this is verified in audits. .

The WE programme: If employees are to use the channels available, they need to know about them, know their rights and have confidence in the channels. In the factories producing Tchibo non-food items, the trainers from our WE programme are often the first point of call for employees seeking to report grievances in the factories. These trainers have developed a relationship with them based on trust. Many problems can be identified and solved together instantly.

Trade unions: Employee representatives provide reassurance when raising grievances with superiors. Through our cooperation with IndustriALL Global Union, national and local trade unions alert us to violations of workers' rights, often with a focus on trade union rights. They play a pivotal role in developing and implementing solutions.

Bangladesh: In addition to covering fire and building safety, the Bangladesh Accord also has a cross-factory grievance system that workers can also use to file grievances relating to workers' rights. All factories also have a health and safety committee to address safety-related grievances.

Whistleblowing: The whistleblowing system set up by Tchibo's holding company *maxingvest ag* allows all employees or anyone in a business relationship with Tchibo to contact an independent party at any time with their concerns, information or doubts regarding their own misconduct or the misconduct of others. An ombudsman council, consisting of representatives of maxingvest ag, Tchibo GmbH and the chairman of the Works Council, then draws up measures.

The Sustainable Development Goals (SDGs)

As a member of the global community, we have aligned our sustainability goals with the United Nations Sustainable Development Goals (SDGs). Our focus is on 9 SDGs where we can have the greatest impact in our business model, supply chains and product ranges. They form the framework that governs how we understand social and environmental responsibility, how we define this responsibility in concrete terms for the world of Tchibo, and how we implement it across our business processes. .

How is Tchibo making a difference?

		Living Income & Living wages		Reduced Inequalities & Real Empowerment
		Gender Equality at the Work Place		Sustainable Consumption & Circular Economy
		(Drinking)Water Protection, Sanitation & Hygiene		Climate Protection
		Decent Work Health & Safety		Biodiversity, Chemical Management, Sustainable Farming & Forestry

Economic performance - economic value directly generated and distributed

Economic challenges

a. Global macroeconomic perspective and market development

The COVID 19 pandemic caused large parts of the global economy to slump dramatically during 2020. As a result of national shutdowns, there was a historic collapse in economic output in the first half of 2020. When the easing began, a dynamic recovery set in, but this was slowed by uncertainty about the further course of the pandemic. Further dampeners to growth were the tight situation on the labor market and low corporate investment activity. In addition, the intensified trade conflict between the USA and China weighed on the global economy. General political and economic uncertainty, caused by geopolitical conflicts as well as uncertainty regarding the long-term consequences of the UK's exit from the EU (Brexit) and the future political course of the USA, continued to impact economic development.

In Germany, economic output slumped to an unprecedented extent in the first half of 2020. Much of the slump from the spring was recovered following the strong economic recovery in the summer. However, the upturn was slowed by the stricter infection control measures, which particularly restricted the service sector.

According to the German Federal Statistical Office, German retail sales, which are significant for Tchibo, increased by 3.9% in real terms and by 5.1% in nominal terms in 2020. In the reporting year, changes in consumer behavior as a result of the COVID 19 pandemic accelerated structural change in the retail sector. According to the German Retail Association - HDE e. V. (HDE), these effects particularly affected purely stationary retail in city centers due to declining customer footfall, as well as clothing retail, whereas online and food retail were able to grow.

At 693 million pounds, the market volume for roasted coffee in the German household market was 5% higher than the previous year's level of 658 million pounds. The year-on-year increase was due in particular to strong growth of 23% in the Espresso/Caffè Crema market segment and slight growth of 4% in the Pads market segment. The filter coffee segment, down 1%, and the single-serve coffee segment, down 5%, both declined compared to the previous year. In terms of value, the German roasted coffee market was up 5% on the previous year, in line with volume growth.

The procurement of commodities for sale in 2020, which is relevant for Tchibo, largely took place in the previous year, with the result that the US dollar, which strengthened in the course of 2019, had a negative impact on merchandise inventories. This adverse exchange rate development could not be offset by a positive raw material cost development for cotton and measures such as bundled volume agreements. Restrictions due to the COVID-19 pandemic in 2020 led, among other things, producers to relocate production to other locations and, due to delivery delays, procurement volumes were transported by air instead of by sea freight, thereby increasing commodity procurement prices.

b. Risk assessment for the commercial business from the perspective of sustainability

Our business is vulnerable to a variety of risks, such as currency fluctuations and environmental events that can affect commodity prices. As part of our holistic risk management system, we identify these dangers and mitigate them by implementing effective preventive measures. Corporate responsibility is a strategic component in Tchibo's risk prevention and business strategy. Thanks to the company's long-standing commitment to sustainability and our strategy of establishing it as the cornerstone of our business, Tchibo is well placed to take advantage of current sustainability opportunities and to manage risks.

1. Strategic opportunity: Establishing Tchibo as a credible sustainable brand

- **Consumer trends:** Consumers are increasingly associating their purchasing decisions with a brand's commitment to sustainability. Our programmes and products enable us to respond to changing customer needs and develop our range.
- **Regulatory and ethical License to Operate:** On account of its many years of dedication in this area, Tchibo is in a position to respond effectively to the increasing trend towards legislation governing corporate responsibility (regulatory). In addition, Tchibo is seen by stakeholders, and increasingly by customers, as a pioneer in the mass market and is therefore well supported (ethical).
- **Safeguarding raw materials:** Climate change, extreme weather events, environmental degradation, biodiversity loss, and inadequate wages and farmers' incomes all hamper cultivation of raw materials, leading to resource scarcity. Our programmes ensure access to sustainable resources/supply chains and reduce the risk of shortages.

2. Environmental and human rights regulatory framework at EU and German national level

- Based on the UN Guiding Principles on Business and Human Rights, purchasing companies have a responsibility towards the employees in their production facilities, even if the products are purchased from external suppliers. A Due Diligence Act/Supply Chain Act is being prepared in the German federal government, something that civil society has been demanding. This concerns human rights and environmental issues (for example, human rights violations, pollution/chemical accidents). Tchibo is proactively advocating for a supply chain law.

3. Liability risks relating to social and environmental responsibility in our supply chain

- In the production of non-food articles, there are risks relating to (occupational) health and safety, environmental protection and building safety, especially in the production of textiles and clothing. In producing countries in Asia, there is often a lack of professional, integrative and effective risk management at the factory level, due in part to a lack of government oversight mechanisms. Tchibo is actively involved in preventive measures in its own supply chains and in sector-wide initiatives.

Measures to increase profitability

Tchibo's sales showed a slight year-on-year increase and were slightly above the company's own expectations. Sales at the various sales outlets developed unevenly due to the impact of the COVID 19 pandemic. For example, stores were temporarily closed across Germany and internationally in the period from March to June 2020 and since mid-December 2020 due to official orders to contain the pandemic. In addition, the temporary closure of the catering business, the change in consumers' travel and leisure behavior, and the increase in work at home had a significant negative impact on the out-of-home business of coffee machine rental as well as related coffee sales. In contrast, the coffee and consumer durables business in food retail as well as online retail was positively impacted due to changes in customer shopping behavior. Reorganization and restructuring measures were initiated to counter declining sales and EBIT at the sales outlets particularly affected by the COVID 19 pandemic.

Economic value directly generated and distributed

In 2020, organic sales were €3,133 million and nominally 0.5% above the level of the previous year of €3,118 million. Organically, sales were 1% higher than in the previous year. This was due to the positive development of the coffee and consumer merchandise business in the food retail and online sectors as a result of changes in customer shopping behavior, which more than compensated for the pandemic-related declines in the store and out-of-home businesses.

At € 90 million, EBIT was significantly lower than the previous year's figure of € 134 million, due in particular to lower contribution margins in the out-of-home business. The EBIT margin was 2.9% (previous year: 4.3%). The cost of sales increased at a faster rate than sales. This development was due in particular to exchange rate effects and higher average green coffee quotations for the year. Our marketing and selling expenses in 2020 were at the level of the previous year.

Further information on employees, payments to investors, payments to state authorities broken down by country and investments at the municipal level can be found in the maxingvest ag Annual Report 2019.

GRI 203-1

Infrastructure investments and services supported

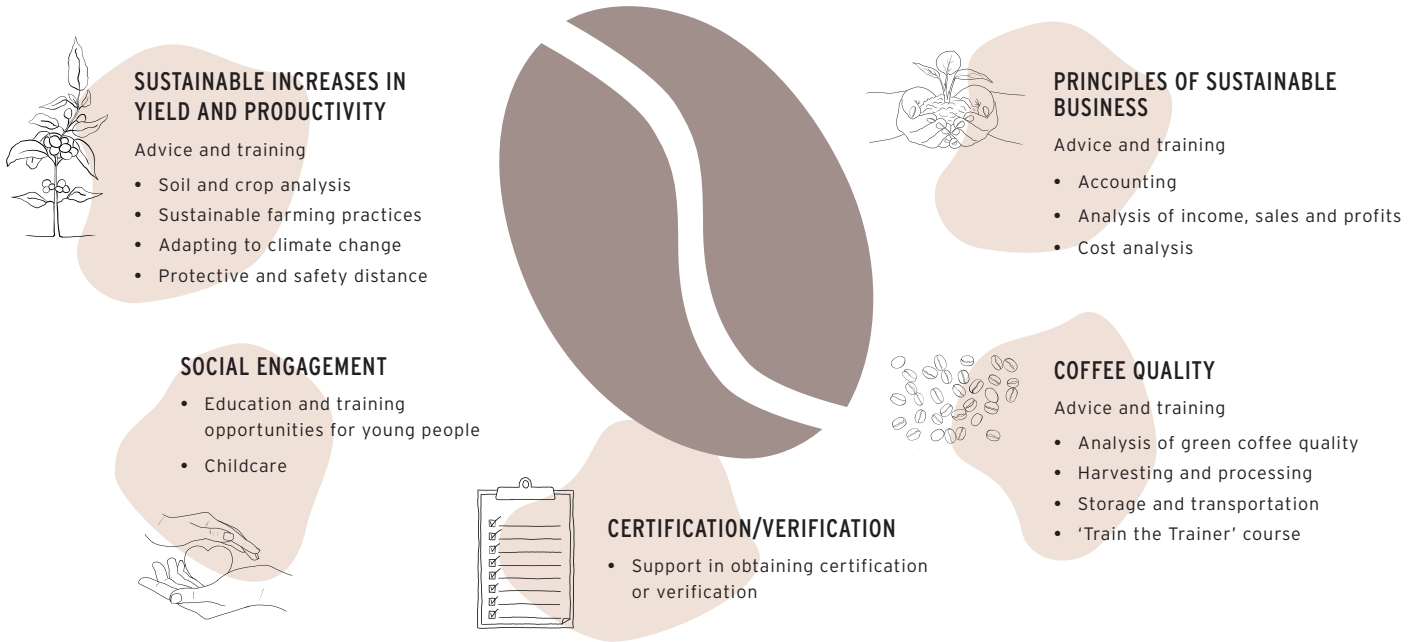
A number of our corporate responsibility activities promote services and investment in infrastructure in our supply chains. The list below contains a selection of relevant projects. Further details can be found in the respective sustainability programmes (**Coffee**, **WE programme**):

1. Examples of indirect economic impacts in the coffee value chain.

In the coffee value chain, we have identified various stages where we are actively working to achieve even greater sustainability. We want to be actively involved at local level - in the form of projects and regional approaches. At the same time, we believe that there is a great need for political discourse and cross-sector cooperation, because we cannot do justice to the complexity of the issue if we act alone. Moreover, some of the biggest challenges are the result of systemic failings, some of which can only be addressed through legislation.

a. Certified coffee: We certify our coffees in partnership with the international standards organisations Fairtrade, Rainforest Alliance, UTZ and the European organic certification organisations. Certification can lead to investment in more sustainable farming practices, for example by modifying sowing, tending and harvesting processes. The aim is to improve both the social and environmental impact of growing our green coffees. Today, 100% of our premium coffees and coffees in the higher quality segment are certified. In 2020, certified coffees accounted for 21.3 % of the total product range. Certification enables us to support farmers with establishing sustainable farming processes and thus ensure investment in services, such as through local farmer training schemes, for example.

b. Tchibo supports coffee farmers and their families under the Tchibo Joint Forces® programme: In order to fulfil our responsibilities to the people in our supply chains, we have set up projects to support farmers in a number of coffee-growing countries. A total of 20 projects have been set up. The majority of these have been completed, while four projects have been implemented in 2019 and another was set in motion in 2020. So far, 42,200 farmers have been impacted by the initiatives. For example, we have been actively involved in Guatemala since 2011 and have supported the construction of a daycare centre and a health clinic there. In 2012, we invested in nurseries and a health clinic in Honduras, which were handed over to the local community for them to manage themselves in 2019.



c. Developing sustainable coffee-growing regions: We want to boost sustainable coffee farming. Working closely with local organisations, representatives from civil society, international trading firms and other like-minded people, we are forging alliances whose impact is felt at multiple levels throughout the supply chain. One first step was joining the Collective Action Initiative of the Global Coffee Platform (GCP) in Brazil, which seeks to reduce the use of synthetic fertilisers and pesticides and ensures that farmers are well trained and have access to appropriate protective clothing. This initiative has reached around 1,000 coffee farmers since 2019. At the same time, we are working in partnership with our suppliers, experimenting with new alternative farming methods that will afford better protection for forests, water and soils. In Vietnam, as in Brazil, our focus is on protecting the environment. One first milestone here is our participation in the Collective Action Initiative of the Global Coffee Platform, which is also concerned with reducing the use of agro-chemicals. We are also researching the water required for farming by comparing different farming systems.

d. International cooperation - Tchibo supports coffee farmers and their families: Just as we do in the non-food sector, we also engage actively with coffee at the political level. After all, it is only with the support of policymakers that suitable framework conditions can be put in place for greater sustainability in the coffee sector. Since 2019, the Sustainability Committee of the European Coffee Federation, chaired by Tchibo, has been committed to ensuring that existing civil society initiatives have their voice heard by decision-makers at the European Commission. In addition, we are replicating the efforts we are making in our own country in support of the **Supply Chain Act**, both at European level and in the agricultural sector. Thanks to this political engagement, we are able to achieve systemic change alongside our partners, which in the long term will be reflected in investments and transformation within each of the regions in which we operate.

More information on sustainable coffee farming and supply chains can be found [here](#).

2. Indirect economic impacts in the non-food value chain:

a. DETOX & water stewardship training programmes: It is particularly important to us that we work closely with suppliers and wet-processing companies. We are proud of the fact that 80% of our textile products are already produced in wet-processing plants that have implemented a detox training programme.

The training programme is wide-ranging: In addition to online training, which enables our factories to learn about chemistry, water and climate, we also support them by providing tailor-made training on site at the factories. We also work alongside our partners to implement programmes in critical river basins, for example around the Taihu River in China and the Büyük Menderes river basin in Turkey. By bringing about changes in the way our producers work, we also indirectly trigger the necessary investments in services that are essential if we are to achieve our common goals.

b. WASH - providing access to clean drinking water: People need water - water for drinking, for sanitation and for hygiene (WASH - WAter, Sanitation, Hygiene). In accordance with the UN's Global Sustainability Goals, sustainable water management also includes facilitating access to clean drinking water. The target is for everyone on the planet to have access to safe drinking water by 2030. Since 2020, Tchibo has supported this goal with its own project in Ethiopia, the country of origin of our organic coffee. This involves making and generating investments in wells and sanitation facilities. Together with the local non-profit organisation Buna Qela Charity, we will install two wells approximately 50 to 60 metres deep in a coffee-growing region. The wells will feature solar pumps, supplying water to more than 2,000 families. The weather situation in Ethiopia has led to delays in the construction of the wells, which means they will not be completed until early 2021 instead of by the end of 2020. As well as constructing the wells, the WASH project will also be continued. In 2021, more than 600 households, school pupils and teachers will receive training on hygiene and safety on coffee farms (with a focus on COVID-19), 10 sanitation facilities will be built in schools, offices and training centres, and 1,500 people will be provided with hygiene kits.

c. Energy efficiency in production facilities: In 2011, we co-founded the Carbon Performance Improvement Initiative (CPI2) to help our textile producers reduce CO₂ emissions. Besides addressing energy efficiency, the extended online tool also tackles issues relating to chemicals and water. A total of 110 factories have used the tool to date, with 67 of them achieving the first qualification level 'bronze' or higher in at least one category. In 2020 we offered all wet-processing facilities the opportunity to gain qualifications, and 45 factories actively used CIP2 to improve their production processes.

The tool was handed over to the ZDHC in 2020 to ensure it would continue to be developed long-term. From 2021 onwards, it will be an integral part of the ZDHC Academy and will therefore continue to be available to our factories.

d. WE - Worldwide Enhancement of Social Quality: In WE, dialogue doesn't just mean getting people to talk to each other. It is a structured process aimed at creating a desirable future. Among other things, it is about motivating people to become actively involved. We have been working with WE since 2008 to improve working conditions in our producers' factories. The aim is to continue to narrow the gaps that exist between business practices and human rights. This means optimising WE in each case according to the local challenges. 82 of our producers are actively involved in the WE programme, with 20 factories in Bangladesh, India, Cambodia, Myanmar, Pakistan and Vietnam joining the programme for the first time. 6,300 workers and managers have taken part in the WE programme (some on a regular basis). These core groups were able to indirectly reach about 85,000 people and their families, because the changes in the factories also trigger investment in local services, processes and change processes by indirect stakeholders.

GRI 205-3

Combating corruption - confirmed incidents of corruption and measures taken

No incidents of corruption were reported or uncovered during the reporting period.

GRI 206-1

Anti-competitive practices - legal proceedings on the grounds of anti-competitive practices, cartels and monopolies

No anti-competitive practices were reported or uncovered during the reporting period.

GRI 300

ENVIRONMENTAL STANDARDS

The environmental standards - introduction

Our planet is facing serious environmental challenges: it is warming at an ever-increasing rate, important resources are becoming scarce, countless animal and plant species are disappearing every year, and ecosystems that have for thousands of years had a stabilising role are actively being destroyed. These challenges are already clearly apparent in many of our producing countries and countries where we source raw materials - for example in Brazil, Vietnam and India.

Our business relies on keeping the environment intact. At the same time, for decades we have helped to drive these negative environmental impacts and we are still partially responsible for them. In the past, we have recognised that it is time to adopt a way of doing business that prioritises the protection of our environment and its resources. We consider it our corporate duty to take responsibility for our actions, to conduct our business operations in the most ecologically responsible way possible, and thus to safeguard the livelihoods of people everywhere and the economic basis for our company.

In the spotlight: climate, water, biodiversity and the circular economy

We are committed to protecting the climate, water and biodiversity and to ensuring the materials we use come full circle. Water conservation and biodiversity are particularly relevant for coffee and cotton farming and for the production of our non-food products. The threat facing both humans and the natural environment is that the soil will become infertile or that toxic chemicals will enter the water. Climate protection is as much about farming and production methods as it is about transportation of our products and the impact on the climate of CO₂ emissions from our offices, warehouses, shops and roasting facilities.

In pursuit of our goal to make Tchibo a 100% sustainable company, we set out to identify all the critical areas and address problems step by step. Whilst we have already achieved a lot, we have also realised that there are some areas where we cannot make any more progress on our own. In the long term, environmental protection is most effective when all stakeholders work together. That is why, for example, we have

- joined the ***Zero Discharge of Hazardous Chemicals (ZDHC) initiative*** and are working with multiple partners worldwide to develop solutions for eliminating hazardous chemicals.
- signed up to the UN Fashion Industry Charter for Climate Action to reduce emissions in textile factories.
- joined forces with WWF and other companies to find solutions for particularly at-risk water conservation projects.
- joined Biodiversity in Good Company and Textile Exchange, teaming up with other companies to champion biodiversity.
- supported research and development projects dedicated to sustainable coffee farming, in areas such as irrigation and sustainable crop protection.
- come together with local partners in Brazil to support the expansion of environmentally friendly farming practices long-term and promote the cultivation of natural vegetation alongside bodies of water and the reduction of pesticides in coffee farming.

Our experience has taught us that we can overcome even the greatest challenges - in a collaborative, fair and sustainable way.

Materials

Management approach for GRI 301

Every year, humanity consumes 1.6 times more resources than it can replenish. At the same time, every year we put more than 4,000 new products in our supermarket concessions, our stores and our online shop. We strive to minimise the environmental impact of manufacturing and shipping these products.

In recent years, our focus when it comes to materials has mainly been on switching from conventional materials to more sustainable alternatives, for example from conventional cotton to organically grown cotton and the increasing use of recycled synthetic fibres and plastics.

Innovative materials

Challenge

There is no such thing as the perfect material or one-size-fits-all solutions. We must therefore find individual solutions for our many products that will make them environmentally sustainable. At the same time, we want to offer our customers textiles, furniture, household appliances and coffee with the same functionality and quality they have come to expect. To do this, we have to take it one step at a time. After all, at the outset, innovative new materials are not typically available in the quantities required for the mass market.

Strategy & measures

We use organically grown natural fibres, synthetic fibres and plastics made from recycled material, and chemical fibres made from cellulose or FSC® -certified wood and paper.

Unless it is necessary for quality reasons or functionality, we try to avoid the use of any materials of animal origin and promote the use of vegan alternatives. Our quilted jackets - previously made with down - are now made with synthetic padding. This predominantly contains recycled materials.

In 2020, we published our Animal Protection Policy. It sets out in concrete terms our position on animal welfare and the standards we adhere to. There is a lot we have already achieved in making our animal fibre range more sustainable, starting with the elimination of high-risk materials and areas such as real fur, angora and alpaca wool. Nevertheless, we still haven't reached our target. Our next step is to ensure that all other animal fibres we use are certified by recognised and established schemes, and to create more animal-free alternatives. The final step will be to ensure full transparency throughout the supply chain.

We are also continually working on new ideas, such as the first non-food items made from 'I'm Green™ PE', a plant-based polyethylene made from sugar cane instead of the usual fossil resources. Another innovation of 2020 was coffee grounds you can wear. The textiles, which are made from recycled plastic bottles and coffee grounds, are odour-resistant, breathable and quick-drying.

Progress & goals

The most important natural fibre in the Tchibo range is cotton, which accounts for 49% of all textiles in our range. To reduce the human and environmental impact, 96% of the cotton we use comes from more sustainable sources. Since 2019, we have been monitoring the supply chains for our organic cotton to verify the precise origin and processing of the raw material.

For several years, our range has included various textile products and hard goods made from recycled materials. We recycled 5 tonnes of fishing nets and 63 million plastic bottles in our textile products in 2020 [1]. We used the recycled materials to make women's swimsuits and running shorts, for example. These products alone enabled us to save 456,000 plastic bottles and the equivalent of 19 tonnes of CO₂. As in previous years, in 2020 we again used ECONYL® for our textiles – a fibre made from nylon waste, such as fishing nets, fabric scraps and carpet offcuts. We have expanded our ECONYL® range from two products originally in 2018 to ten products in 2019 and six in 2020. We have doubled the proportion of textiles made from recycled material in 2020 compared with the previous year.

Of those products which use synthetics or plastics as the main material, 10% come from recycled sources. We have made it our mission to replace 100% of the polyester and polyamide fibres in our sports textiles with recycled material by 2025. We are currently at 16%. Beyond that, however, we will also promote the use of recycled fibres in other product categories in 2021 and the years that following, such as children's textiles, womenswear, menswear and home furnishings. Because our yarns are made from recycled material and are certified with the Global Recycling Standard (GRS) or Recycled Claim Standard (RCS), we are able to prove exactly how much recycled material is in each of our products.

As for our textiles produced from man-made cellulose-based fibres, 95% come from sustainable sources. As part of the transition to next step of more sustainable fibres, we used the eco-friendly viscose fibre Livaeco™ by Birla Cellulose™ in our products for the first time in 2020. Another new fibre, which we will be using in 2021, is a TENCEL™ Lyocell fibre (made using REFIBRA™ technology) that is produced from cotton scraps left over from garment manufacturing and fresh pulp, among other things.

Animal fibres make up just 1% of our materials and are mainly found in leather, wool or down products. It has been many years since we used real fur and angora wool. We have not used mohair (memorandum) in any of our products since 2018, and as of 2020 we no longer use alpaca wool. We used recycled cashmere for the first time in 2020. From 2021 onwards, we will only ever use cashmere wool that has been recycled or that meets the Good Cashmere Standard set by the Aid by Trade Foundation. Our supply contracts explicitly ban the practice known as mulesing to produce the merino wool used in our products. We have also set ourselves the target of sourcing only merino wool that is certified by the Responsible Wool Standard (RWS) for our merino wool products from 2022 onwards.

In the hard goods sector, wood and paper are key materials for us. 34% of our products containing wood and paper are from more sustainable sources (FSC® -certified / FSC® C022597)

[1] Aquafil S.p.A. & Textile Exchange, eigene Berechnung basierend auf Shen L., et al. (2010) Resour Conserv Recy, 55 (1), 34-52

Circular economy

Challenge

Textiles made from recycled plastic bottles and fishing nets are a great intermediate goal. Nevertheless, the real challenge is to close the material cycle for textiles and to produce new textiles from old. Realising this vision requires innovation in the production, disposal, sorting and recycling of garments and collaboration between various stakeholders along the value chain and product life cycles. In the future, we want to become increasingly involved in this area by conducting pilot tests on the subject of the circular economy in collaboration with our partners. .

Strategy & measures

We believe that a circular economy begins with the way we design and package our products. We use recycled materials and ensure our products will last for a long time by using durable, high-quality materials and a robust design. In 2021, we plan to integrate more mechanisms into the product design process to improve product durability and, in some cases, the ability to carry out repairs.

Another of our goals is to design products in such a way that most of the components can be recycled at the end of the product's life. This involves facilitating a consumer-friendly take-back system for our products. With this in mind, we support the recycling of our textiles and in 2017 we joined forces with FairWertung to offer our customers the most consumer-friendly and appropriate method of returning their old clothes. We have found a reliable partner in FairWertung, a company that guarantees the responsible handling of donated clothing and provides transparent information about how the clothing is recycled.

Another of our strategies around the circular economy was the idea of product rentals. After all, many products are only used for a short time. Items such as babygrows have a particularly short product life, as babies quickly outgrow them. Expectant mothers or people who are only able to indulge in a sport such as skiing once or twice a year also have the experience of only being able to use something for a limited time. To address this, we launched our rental platform Tchibo Share in 2018 in partnership with the company kilenda. We became the first mainstream retailer to rent out children's and women's clothing online. Having initially started with children's clothing, over time we also added other product categories for rent - such as women's clothing, camping equipment, baby carriers, children's furniture, sports equipment and coffee machines . Rented products that were returned were then cleaned following the highest hygiene standards and rented out again. Products that could not be rented out again were donated or upcycled into new products by Hamburg-based company Bridge & Tunnel. Employees used their sewing skills to turn discarded items into new products such as bum bags and hair bands. In addition to our rental service, in 2020 we also began offering second-hand products for sale and piloted a buy-back scheme for used Tchibo products.

Despite a very positive response from the public and refinements to the product range and service, it was not possible to attract sufficient numbers of customers to the service before the COVID-19 pandemic hit. Due to the further decline in orders during the pandemic and our partner company kilenda going out of business, we decided to discontinue the rental service towards the end of 2020. We are currently in the process of developing a new concept aimed at making sustainable consumption more mainstream.

The circular economy and the conservation of resources are values that are also reflected in the reusable products we offer in our shops. Since 2019, customers have been able to fill their own coffee cans with coffee beans or ground coffee in our Tchibo shops. We also serve coffee to take away in reusable cups that customers bring with them. During an eight-month pilot test that ran until early 2020, customers in 32 of our shops in Bavaria were able to borrow a reusable cup to drink their coffee on the go in exchange for a deposit. Customer response to this scheme varied greatly from one branch to another. Having been hampered by the temporary closures of our shops in 2020, we would like to revisit the issue of reusable items in 2021.

Progress & goals

In order to close the cycle of recyclable materials, in 2018 we used recycled wool for the first time, which is made from reprocessed wool scraps. In 2020, our range included products made from recycled cashmere for the first time. We will use recycled yarn for lace products in our lingerie range for the first time in 2021. This is part of our drive to continually expand the use of recycled materials into new product categories - something that represents great progress for us since we first started using recycled yarn in our swimwear and sportswear in 2018. Our goal for 2022 is to use recycled cotton in our products for the first time, taking us another step along the road towards closed material cycles.

We sold selected second-hand products on our rental platform Tchibo Share in 2020 alongside the rental service.

Sustainable packaging

Challenge

Household appliances, clothing, coffee: Our products come packaged to protect them on their journey to Tchibo shops, supermarkets and customers, with all the necessary product information printed on the packaging. The customer must dispose of the packaging after removing it; manufacturing the packaging consumes a vast amount of resources and the waste pollutes the environment. In Germany alone, 18.9 million tonnes of packaging waste is generated each year (German Federal Environment Agency, 2018). This is a problem we at Tchibo are acutely aware of.

Strategy & measures

We are improving our packaging all the time, focusing on three key aspects: We reduce the amount of material used and promote reusable solutions. We use materials from certified, responsible sources. We make our packaging easier to recycle.

In a bid to avoid and reduce packaging, as of 2020 we no longer use plastic bags for any of our textile products. New textile packaging made of cardboard means we save 30 million plastic bags a year. Reducing packaging is more of a challenge for other products, such as pans with delicate coatings. For shipping, we tested a reusable shipping bag. We have joined forces with other companies and retailers in the PraxPack pilot project to collect initial feedback on whether customers return reusable shipping bags to us.

When it comes to choosing materials, we use certification to ensure that they come from sustainable sources, such as certification according to the criteria of the Forest Stewardship Council® (FSC®). We have also gradually increased the use of recycled materials, such as in our shipping bag, which is made from at least 80% recycled plastic waste.

Progress & goals

A lot of packaging is created behind the scenes, unseen by customers, when the products are transported. We are proud to have reduced not just the amount of material and weight, but also CO₂ emissions and water by using thinner corrugated cardboard for the transport boxes. Our target for 2020 - to reduce paper and cardboard consumption in B2B and B2C shipments by 30% per sales unit compared to 2014 - has not been met. This is due in part to an increase in online sales and more shipments to customers as a result. In 2021, we are working towards a new target that is aligned with our strategy of 'Reduce, Reuse and Recycle', whilst also reflecting changing business trends.

In 2020, we introduced our new packaging for non-food items. It is mostly paper, with a plastic hook made from 90% recycled plastic. Plastic outer packaging is used only for a few products made from delicate materials. In 2021, we will save yet more packaging material by reducing the size of paper sleeves and collapsible boxes, for example, and by continuously reducing the packaging we use for our non-food items.

We increased the proportion of our printed packaging for non-food items that is made from sustainable, FSC® -certified cardboard from 93% to 97% in 2020. The packaging for our non-food items is already 97% recyclable. We therefore haven't achieved our target for 2020 - to increase the recyclability of our non-food packaging to 98%. This was due to factors such as the use of flocked packaging to protect our jewellery and polystyrene padding to protect larger products such as furniture when shipping items from our online shop. We are still working on these forms of packaging to reach our target in 2021. The Cafissimo and Qbo coffee capsules can be put in the yellow recycling bag in Germany. It is our ambition - and our responsibility - to achieve even more with other coffee packaging. We still use non-recyclable materials to protect the coffee aroma.

GRI 301-2

Recycled materials used

The percentages of recycled source materials used to produce our main products and services are:

- Textiles: 7 %
- More than 4% (2020) of hard goods products from recycled plastic

GRI 301-3

Recycled products and their packaging materials

We are not currently taking back any products or packaging directly after their usage phase.

The take-back and recycling of packaging is regulated by law in Germany. Tchibo fulfils this legal obligation, licensing all packaging placed on the market and thus ensuring that 100% of the packaging used can be disposed of by consumers, free of charge and with minimal effort, by placing it in the recycling bins or the yellow recycling bags or by taking it to their local recycling centre.

We meet the legal requirements for electrical and electronic equipment and batteries by participating in take-back systems.

Management approach for GRI 302**Challenges**

From roasting coffee and providing lighting in our stores all the way to the packaging of Tchibo products and shipping them to our customers: Energy is an indispensable resource in our business. But the use of fossil energy sources releases critical greenhouse gases, which is why a shift toward CO₂-free renewable energy sources is important. These are not yet available in sufficient quantities. Therefore, it is even more important to keep all consumption as low as possible. We consistently reduce the use of energy at all locations in Germany (headquarters, roasting facility, warehouse and stores) as well as in our subsidiaries in other countries.

Strategy & measures

What we are doing:

- To manage the environmental impact of our administrative and warehouse sites, we follow the ISO 14001 standard and document any significant consumption.
- We also have a certified energy management system compliant with ISO 50001 at our production sites (roasting facilities) in Germany.
- Our sites in Germany have been supplied with certified electricity from 100% renewable energy sources since 2008. This applies to the two roasting facilities in Hamburg and Berlin, the distribution centers in Gallin and Neumarkt, the company headquarters in Hamburg, and all Tchibo stores in Germany for which we purchase the electricity ourselves. Since 2015, all locations in Austria and, where possible, the stores have also been supplied with green electricity. From 2021, the warehouse site in Cheb (Czech Republic) and our roasting plant in Marki (Poland) will also be supplied with electricity from renewable sources.

At our distribution centre in Gallin, we started an energy-saving process in 2017 that continues on an ongoing basis. We have implemented an energy management system with improved metering, for example. Heating pipes were insulated in the outgoing goods area. Furthermore, the lighting was also optimised in many areas and upgraded to LED.

Progress & goals

Total energy consumption at Tchibo has fallen steadily in recent years. While it was still 194,187 MWh in 2019, it fell to 175,198 MWh in 2020 - a decrease of over 9%.

This was achieved primarily through lower natural gas consumption at the roasting facilities and in German stores. However, electricity use was also lower in roasting facilities, stores, and administration. The declines were also due to pandemic-related changes in business operations.

Our energy reduction target is to save 10% by 2030 based on 2018 levels. In order to achieve this energy reduction target, planned energy-saving measures include the following:

- increasing energy efficiency in the roasting facilities by 1.5% year on year,
- gradually transitioning to electric vehicles for our vehicle fleet,
- expanding the use of LED lighting at the head office and in our shops in Germany, and
- saving energy by adopting green IT.

By implementing these measures, our total energy consumption is projected to drop from 199,000 MWh in 2018 to 179,000 MWh by 2030.

We achieved this target in 2020 due to the pandemic; store closures and significantly lower utilization of our administrative locations were key drivers. As a result, we expect consumption to increase again in 2023 at the latest. We will have to make further efforts in the following years to achieve our regular target.

GRI 302-1

Energy consumption within the organisation

	2019	2020
FUEL CONSUMPTION (NON-RENEWABLE)	109,668 MWh	100,157 MWh
FUEL CONSUMPTION (RENEWABLE)	0 MWh	0 MWh
ELECTRICITY CONSUMPTION	78,236 MWh	69,901 MWh
HEATING ENERGY COOLING ENERGY STEAM CONSUMPTION	6,264 MWh	5,145 MWh
ELECTRICITY SOLD	0 MWh	0 MWh
HEATING ENERGY SOLD	0 MWh	0 MWh
COOLING ENERGY SOLD	0 MWh	0 MWh
STEAM SOLD	0 MWh	0 MWh
TOTAL ENERGY CONSUMPTION	194,187 MWh	175,198 MWh

Energy consumption within the organisation is calculated using the following standards and methods:

- **The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)**
- **The Greenhouse Gas Protocol: Scope 2 Guidance**

Management approach for GRI 304**Challenges**

The number of species on our planet that are disappearing for good is increasing at an alarming rate, and intensive land use is a major factor driving the deteriorating state of the planet. The loss of habitats and the animal and plant species that live there is particularly high in those places where raw materials are farmed or processed. For us, the most pressing problems are in the areas of coffee and cotton farming, forestry and textile production.

Strategy & measures

In 2018, we conducted a risk analysis that looked at the impact of the company's activities on biodiversity. We developed our own biodiversity indicator for this purpose, which identifies the countries where the risk of biodiversity loss is greatest.

The goals of the risk analysis were:

- To identify the biodiversity risk for each country and draw comparisons between countries
- To understand in more detail the risks in each country
- To ensure transparency regarding the protection status in each country.
- To provide greater transparency about Tchibo's impact on biodiversity in the countries in which we operate.

Tchibo's strategies for protecting biodiversity can be divided into the following fields of action:

Coffee and cotton farming

- Tchibo promotes environmentally friendly coffee and cotton-growing methods in a variety of projects, by reducing the use of fertilisers and pesticides.
- As a member of the Organic Cotton Accelerator (OCA), Tchibo is committed to using GM-free seeds, including in India.
- Tchibo is committed to protecting fertile soils and has raw materials certified:
 - 22 % of Tchibo's green coffee is certified under Rainforest Alliance, UTZ, Fairtrade or Organic standards.
 - 96% of Tchibo's cotton comes from more sustainable sources and is certified, for example, according to the Organic Content Standard (OCS) or the Global Organic Textile Standard (GOTS) (as of 2020).

Textile production

- Tchibo is committed to textile production methods that do not use chemicals hazardous to the environment or human health.
- To achieve this, we offer training for factory workers and help monitor chemical stocks using digital systems, such as an app for creating chemical inventory lists.
- Since 2019, we have been supporting WWF in the protection of water conservation areas in China and Turkey. The river basins in question in these two countries are at particularly high risk due to water scarcity and water pollution.

Forestry

- Tchibo is committed to protecting biodiversity in forests and prohibits the practice of illegal logging for its products.
- Tchibo is increasing the proportion of wood products that are Forest Stewardship Council® (FSC® C022597) certified or that originate from regional forestry schemes with strict environmental standards.

Progress & goals

When the environmental protection strategy was revised in 2018, 'biodiversity protection' was defined as one of four strategic fields of action.

- Circular Economy
- Climate protection
- Water conservation
- Biodiversity protection

Biodiversity is so closely entwined with every other issue that we have formulated specific goals for coffee, cotton, timber, and even climate and water. The measures and actions defined are generally based on the principle of materiality and impact: Where does Tchibo have the greatest possible influence and how can a scalable impact be achieved?

As part of the development of the Biodiversity Strategy, it was determined that steps should be taken to help protect biodiversity (impact) with targeted activities in all main purchasing countries and high-risk countries (materiality). Tchibo firmly believes that this can only be achieved through a broader, whole-society, cross-sector approach. That is why we support the development of stewardship approaches. These approaches involve all relevant stakeholders in change processes. This allows solutions to be developed that are socially just, ecologically sustainable and economically viable.

The targets for the integrated measures will be revised in 2021.

A selection of past key targets, together with the degree to which they have been achieved, can be seen here:

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

After setting this target, Tchibo decided to gradually reduce the proportion of verified coffee (4C Standard). As a result of this reduction, the proportion of certified green coffee is currently 22%. The funds that are freed up as a result go towards developing projects and measures aimed at establishing sustainable coffee-growing regions. Among other things, these projects and measures are helping to protect biodiversity, for instance by encouraging a switch to sustainable and low-pesticide coffee farming.

- **Increase the proportion of sustainable coffee to 100% in 2021**

We have set ourselves the target of increasing the proportion of sustainable cotton to 100% by 2021. In 2020, the proportion of sustainable cotton was 96%.

- **Increase the proportion of wood and pulp from responsible forestry**

In 2020, the share of sustainable wood and paper products was 37%. This includes FSC®-certified products and products from European forestry schemes (FSC® C022597).

GRI 304-3

Habitats protected or restored

Tchibo has no designated protected habitats of its own and is not currently carrying out any rewilding projects. Nevertheless, Tchibo is involved in various environmental projects that contribute to rewilding measures, such as projects to improve water quality and use in river basins in collaboration with WWF.

Broadly speaking, Tchibo's focus is on reducing the environmental impact in our supply chains, particularly in coffee, timber and cotton growing countries. To this end, we are involved in numerous alliances and initiatives alongside other key players in the sector.

Tchibo is a member of the following initiatives, which are committed to protecting biodiversity:

Biodiversity in Good Company

- Member since 2012
- Initiative of Germany's Federal Environment Ministry
- Objectives:
 - To preserve biological diversity
 - To protect ecosystems in the coffee-growing sector
 - To raise public awareness on the issue of biodiversity
- Signatory of the Leadership Declaration:
 - To analyse the impact of our business activities on biodiversity
 - To protect biodiversity
 - To include the sustainable use of raw materials in our environmental management

Partnership for Sustainable Textiles

- Member since 2015
- Alliance set up by the Federal Ministry for Economic Cooperation and Development
- Objective: To improve social and environmental conditions in textile manufacture
- A joint initiative on chemicals and environmental management in production facilities, based on the strategic alliance on chemicals management with the German Society for International Cooperation (GIZ) and REWE Group.

Coffee and Climate

- Co-founded by Tchibo in 2010
- Purpose: To support coffee farmers in adapting to the impacts of climate change on coffee farming
- To translate scientific approaches and solutions into workable guidelines and to communicate/disseminate these recommendations for action.
- To develop climate-friendly agricultural practices

Cotton made in Africa (CmiA)

- Member since 2007
- Initiative for the growing and use of organic cotton

Detox Commitment

- Member since 2014
- Greenpeace campaign: regulating the use of hazardous chemicals in textile production
- Objective: To reduce the use of hazardous chemicals in textile production

Forest Stewardship Council® (FSC®)

- Member since 2010
- Guidelines for growing and processing wood and paper from responsible sources

Global Coffee Platform (GCP)

- Member since 2016
- GCP was formed in 2016 with the merger of the Sustainable Coffee Program (SCP) and the 4C Association
- A network of coffee producers, retailers, industry and civil society organisations with the aim of making the coffee sector sustainable.

- **„Vision 2020/2030 - Call for Action“:** Appeal to 30 GCP members from the private sector and their commitment to the common agenda:
 - To organise small-scale farmers to form cooperatives
 - To improve productivity and income
 - To avoid and prevent illegal child labour
 - To promote equality between women and men, girls and boys
 - To restore ecosystems
 - To adapt to climate change and reduce their contribution to climate change
 - To provide access to finance and improve business management skills
 - To encourage sustainability agendas in producing countries

International Coffee Partners (ICP)

- Founded in 2001 by Tchibo and four other leading private coffee companies (Löfbergs, Lavazza, Paulig and Neumann Kaffee Gruppe)
- Objective: To boost the performance of small-scale farmers and their families around the world, in particular by increasing the competitiveness of farmers using sustainable farming methods.
- To reinforce the organisation of small-scale farmers into cooperatives
- Achievements: 18 projects implemented in 12 countries, involving more than 13.3 million euros of private and public investment. This partnership has so far reached over 63,000 small-scale farmers' households.

Organic Cotton Accelerator (OCA)

- Member since 2016
- A commitment to farming and using organic cotton at the sector level

Tchibo Joint Forces!®

- Our own Initiative: Qualification programme for protecting biodiversity in the coffee-growing sector

Water stewardship projects in Turkey and China

- WWF project for sustainable cotton farming and for cleaning up critical river basins near our production facilities
- Tchibo involved since 2019
- Project model on the Büyük Menderes River: The river is home to 40% of Turkey's leather production, 60% of its textile production for export and 14% of its cotton production. Objective: To protect biodiversity, to use water responsibly as a resource and to improve water quality
- Project model in the Taihu River Basin: The Taihu River Basin is highly significant for Tchibo, as the wet-processing plants that are based there are responsible for two-thirds of the products we manufacture in China, and according to WWF's Water Risk Filter the region has a high water risk. The aim of the project is to improve the condition of this river basin. To date, 72 suppliers have participated in the project.

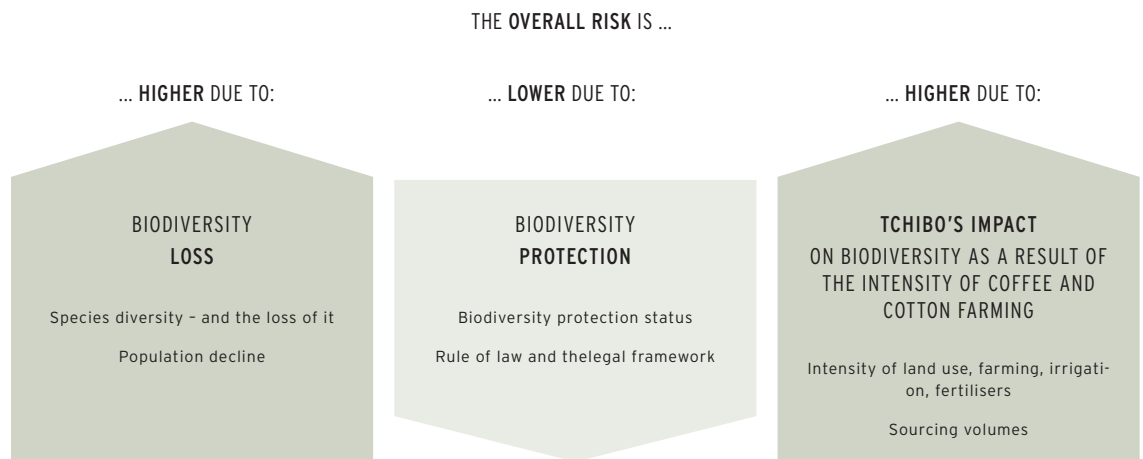
Zero Discharge of Hazardous Chemicals Initiative (ZDHC)

- Member since 2018
- Objective: To establish a global network to change the way (hazardous) chemicals are used and handled in the textile industry.
- To provide training on and implementation of best practices in chemical management.

Determining the risk to biodiversity

The sub-indicators 'biodiversity loss', 'biodiversity protection' and 'Tchibo's impact on biodiversity' were developed to determine the risk to biodiversity. Breaking down the risk in this way enabled a more nuanced evaluation of the overall biodiversity risk for each country.

Tchibo Indikatoren zur Bestimmung des Biodiversitätsrisikos

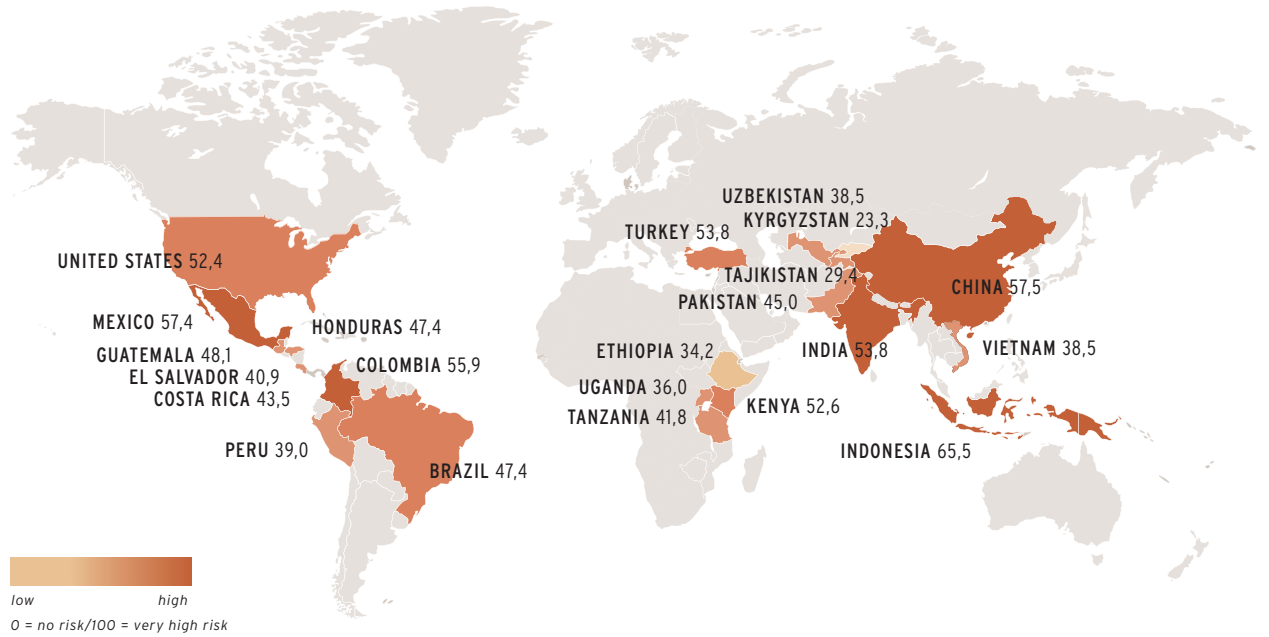


Approved indices, internal data and external information were analysed in order to calculate the sub-indicators. Care was taken to ensure that the data was obtained from recognised sources, that there were no gaps in the data either in the timeframe or the geographical area covered, and that the data was relevant to the Tchibo supply chain. This made it possible to obtain a consistent and comparable picture for each individual country and for all countries combined.

The results of the analysis show that the biodiversity risk in those countries where Tchibo buys coffee and cotton is very similar, with an increased risk in Indonesia, India, China and Mexico.

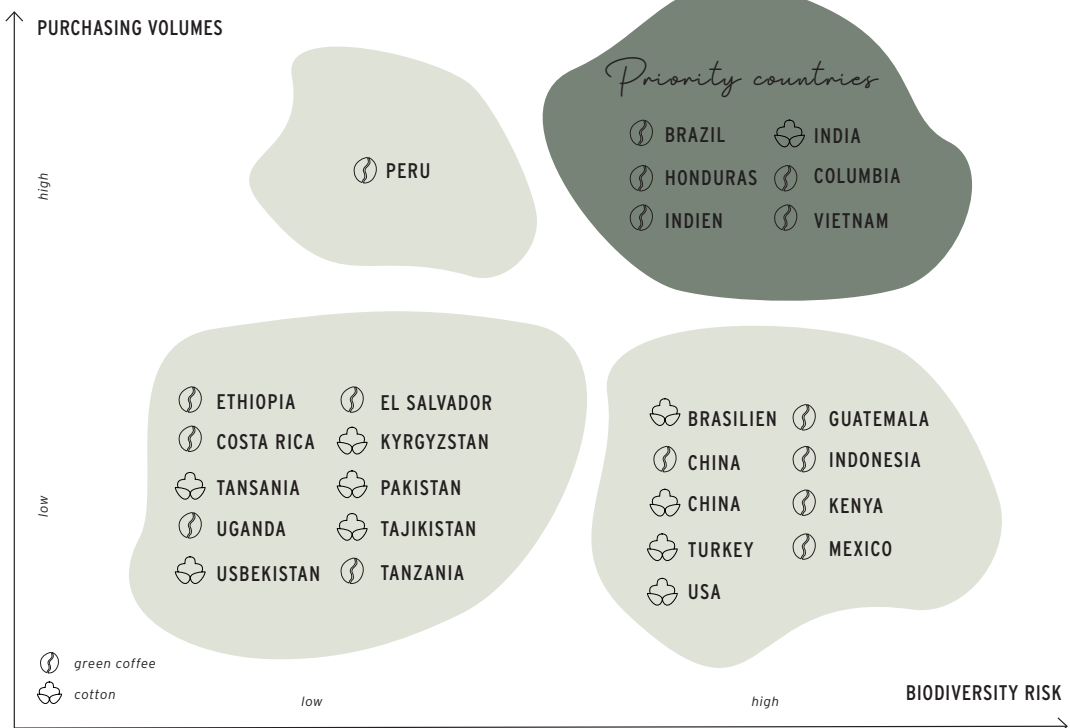
The overview below shows the status of all areas at the end of the reporting period.

Biodiversity risk Globally, by country



To identify which countries Tchibo should focus on, the biodiversity risk was considered in relation to the purchasing volume.

System for identifying priority countries



Based on this analysis, Brazil, Vietnam, Honduras, India and Colombia were identified as priority countries. These countries will be the main focus of biodiversity activities in the coming years.

Management approach for GRI 305**Challenges**

Coffee, cotton and wood are raw materials we use on a daily basis here at Tchibo. If global warming continues unabated, these raw materials will become scarce and many millions of people who grow them will lose their livelihoods.

The findings of international climate research show that we must change course immediately and make effective reductions in emissions. The 2015 Paris Climate Agreement sets out the goal of limiting the global temperature increase to 1.5 degrees. At Tchibo, we are committed to this climate goal and are implementing concrete and ambitious climate protection measures.

Strategy & measures

Our analysis has shown that more than 60% of our CO₂ emissions (Scope 1, 2 & 3, see below) are generated by growing coffee and by manufacturing textiles and other products. We therefore see great value in selling sustainable products that are produced in a climate-friendly way.

This means:

- Reducing our CO₂ emissions by using sustainable raw materials (such as organic cotton, for example)
- Using more sustainable materials and recycled materials for our products
- Promoting environmentally friendly coffee and cotton-growing methods in a variety of projects, by reducing the use of fertilisers and pesticides.
- Making our transport and logistics processes environmentally friendly
- Encouraging suppliers of our products to minimise their energy use and use renewable energy
- For electrical devices, developing appliances that have good consumption values throughout their life cycle.
- We also want to be ambitious in the climate protection measures we implement at our own sites. We use electricity from renewable sources at all our German sites and are investing in energy-saving measures.

By taking this holistic approach, we will have cut CO₂ emissions by more than half in our own organisational processes (Scope 1 & 2) and by 15% in upstream and downstream stages of the value chain (Scope 3) by 2030.

Effective climate action is achieved through cooperation. We will only be able to achieve the 1.5 degree target if policymakers, business leaders and society as a whole pull together. That is why, for many years now, we have been working closely with our suppliers and other partners to develop fair solutions. We have signed up to the Science Based Targets Initiative (SBTi), the Fashion Industry Charter for Climate Action (UNFCCC) and the coffee & climate initiative, thereby ensuring effective action on climate change through global alliances.

Progress & Goals

In 2020, Tchibo emitted 34,773 metric tons of CO₂ (Scope 1 & 2) at its own sites, with its own vehicles and through the purchase of grid-bound energy. This is roughly equivalent to the annual emissions of almost 400 private households or over 14,000 long-haul flights. At 65%, the roasting facilities account for the largest share of emissions, and here we aim to achieve further savings with our ISO 50001-certified energy management system. Overall, we were able to significantly reduce emissions by 11% compared to 2019. However, the reductions were largely pandemic-related.

The Tchibo 2030 climate change target

Tchibo will be helping to limit global warming to 1.5 degrees with three climate change targets:

1. Reduce energy consumption at Tchibo sites by more than 10%

Plans are in place here to introduce energy-saving measures in various areas. These measures include increasing energy efficiency in our roasting facilities by 1.5% year on year, switching to electric vehicles for our vehicle fleet, increasing energy efficiency at our administrative sites and in our shops by using LED lighting, and green IT. By implementing these measures, our total energy consumption is projected to drop from 199,000 MWh in 2018 to 179,000 MWh by 2030.

We achieved this target in 2020 due to the pandemic; branch closures and significantly lower utilization of our administrative locations are a key driver. As a result, we expect consumption to increase again in 2023 at the latest. We will have to make further efforts in the following years to achieve our regular target.

2. Reduce Scope 1 and 2 emissions by 51%

The use of renewable energies abroad is a key means of achieving this. Increased energy efficiency at production and logistics locations and the transition to electric vehicles also play a role. By implementing these measures, our total emissions are projected to drop from 41,000 tonnes of CO₂ in 2018 to 20,000 tonnes of CO₂ by 2030.

3. Reduce emissions from upstream and downstream supply chains by 15% (Scope 3)

Initial measures have been identified to reduce emissions from upstream supply chains. The increased use of sustainable materials such as organic cotton and recycled polyester, for example, play an important role here. Likewise, improvements in energy efficiency by logistics service providers (shipping and trucks) and the use of renewable energies by suppliers will make an important contribution.

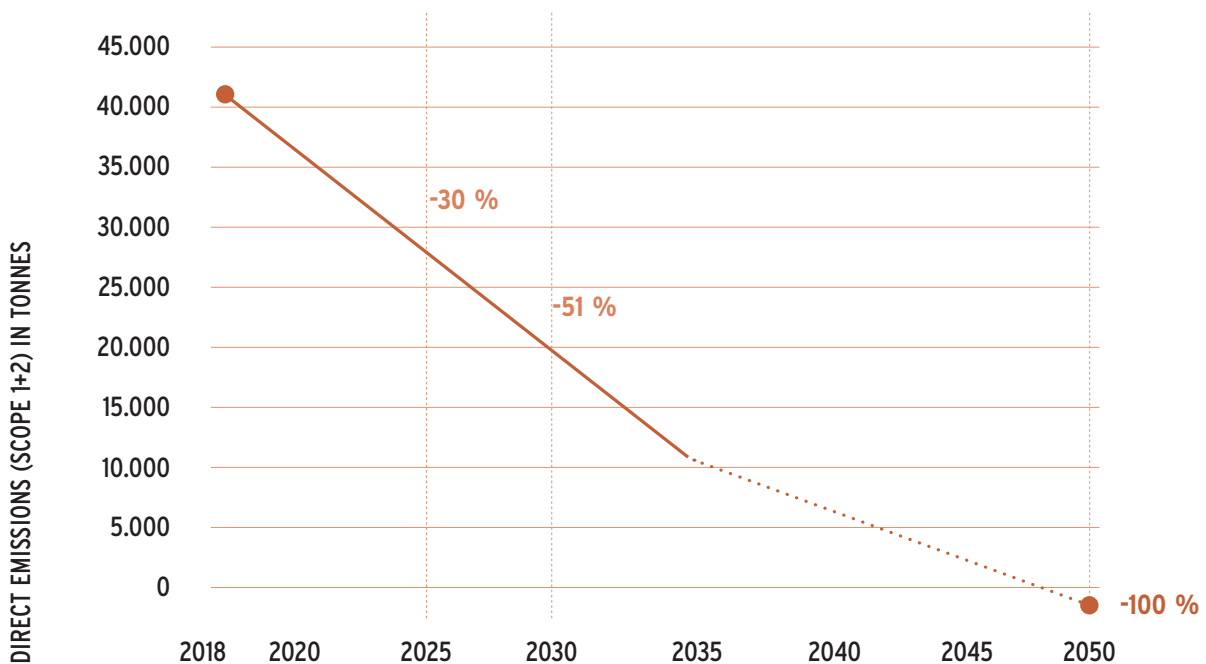
Tchibo 2030 climate change target*

We are helping to limit global warming to 1.5° with three climate protection goals

- 1 Reduce energy consumption by 10% (electricity, gas, district heating, fuels)
- 2 Reduce scope 1+2 emissions by 51%
- 3 Reduce emissions from upstream and downstream supply chains by 15% (Scope 3)

Reduction targets in line with climate science

REDUCTION IN TCHIBO'S SCOPE 1+2 EMISSIONS REQUIRED ACCORDING TO SCIENCE BASED TARGETS



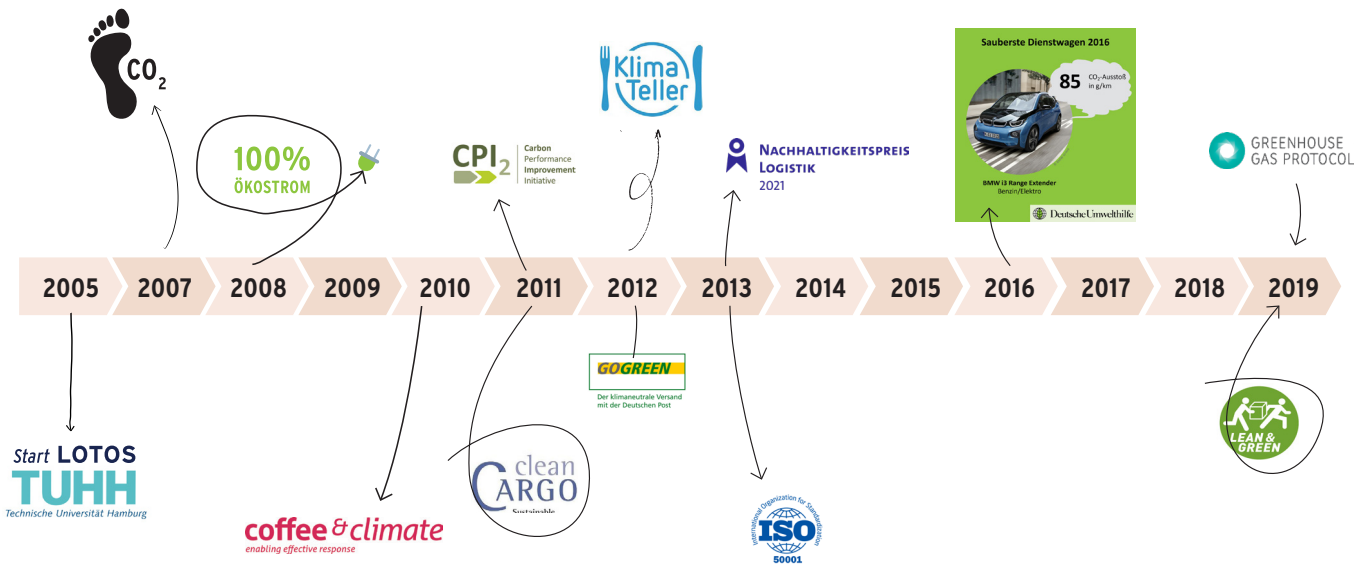
*according to the Science Based Target Intelligence method; Base year: 2018

Climate action milestones at Tchibo since 2006

- 2006: Sustainability forms an integral part of Tchibo's corporate strategy.
- 2007: 'Logistics towards Sustainability' (LOTOS) project launched in collaboration with the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and Hamburg-Harburg Technical University.
- 2007: Tchibo publishes annual CO₂ emissions data for its business operations in Germany for the first time.
- 2008: 100% certified green electricity at all sites in Germany
- 2009: Tchibo Joint Forces® is launched. Since then, 40,000 coffee farmers have been provided with support to grow coffee more sustainably.

- 2010: The 'coffee & climate' initiative launches.
- 2010: Magazine paper and shipping boxes are switched to FSC® paper (FSC® C022597)
- 2011: Tchibo is on track to become a 100% sustainable business.
- 2011: Tchibo becomes a founding member of the Performance Improvement Initiative (CPI2) to reduce carbon emissions in textile production.
- 2011: Tchibo becomes a member of the Clean Cargo Working Group, aimed at reducing logistics emissions.
- 2013: Tchibo's commitment to sustainability is recognised with the Supply Chain Sustainability Award and the CSR Award from the German Federal Government.
- 2013: The Hamburg roasting facility receives the exacting ISO 50001 energy management certificate.
- 2014: Tchibo has been the market leader in sustainable filter coffee since 2014.
- 2015: Tchibo becomes a member of the Partnership for Sustainable Textiles, set up by the German Federal Ministry for Economic Cooperation and Development.
- 2015: 100% certified green electricity at all sites in Austria
- 2016: Tchibo takes first place in the 'Cleanest Company Car 2016' ranking by Environmental Action Germany
- 2016: Wins an award for being Germany's most sustainable large company
- 2017: Introduction of sustainable household items made from recycled plastics
- 2018: Tchibo Share launches with a rental service for baby clothes and children's clothing
- 2019: 12 million plastic bottles and 5 tonnes of fishing nets are recycled in textile products
- 2019: Carbon footprint calculated according to the recognised Greenhouse Gas Protocol
- 2019: The logistics division receives the Lean & Green 1st Star from GS1 for emissions reductions.
- 2020: Tchibo voluntarily offsets its employees' business flights by supporting a climate protection project in Rwanda.
- 2020: Tchibo becomes a member of the Fashion Industry Charter for Climate Action.
- 2020: Tchibo pledges to do its bit to limit global warming to 1.5°C in accordance with the criteria of the Science Based Targets.
- From 2021: 100% certified green electricity in our roasting facility in Marki, Poland
- From late 2021: 100% sustainable cotton
- Tchibo has set itself the target of halving CO₂ emissions at its own sites by 2030.

Tchibo Climate Protection Milestones



GRI 305-1

Direct (Scope 1) GHG emissions

The gross volume of direct GHG emissions (Scope 1) in 2020 was **equivalent to 21,145 tonnes of CO₂**.

The calculation focuses on CO₂. Other gases are not relevant in Tchibo's operational processes and were therefore not included in the materiality analysis.

Biogenic CO₂ emissions are not relevant in Tchibo's Scope 1 and were not recorded.

The 2018 reporting year is also the baseline year for our climate targets. In 2019, we completely overhauled the way we calculate our carbon footprint. We now also include emissions from all our overseas facilities, as well as emissions from all stages in the value chain, both upstream and downstream, such as coffee growing. Our carbon footprint is calculated according to the Greenhouse Gas Protocol (GHG), which defines best-practice reporting standards.

The Tchibo carbon footprint manual stipulates that the following cases trigger a recalculation of the baseline year emissions:

1. **Structural changes to the organisational structure (such as mergers, acquisitions and divestments; outsourcing and insourcing of emitting activities)**
2. **Changes to the calculation method or a change in the source of emission factors with a significant impact on the baseline year data**
3. **Discovery of significant errors in the calculation**

Another rationale for using 2018 as the baseline year is our participation in the Science Based Target initiative, whose regulations state that the baseline year must not be more than two years ago. Having committed to the initiative in 2020, Tchibo is using 2018 as our baseline.

The emissions factors used are taken from the following sources: DEFRA, VDA, GEMIS.

Operational control was used as the consolidation approach for the emissions. With this approach, Tchibo assumes responsibility for activities that are within the control of the company and its employees and can therefore be influenced directly or indirectly.

Our carbon footprint analysis is based on the following standards and methodologies:

- **The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)**
- **Smart Freight Centre: GLEC Framework for Logistics Emissions Methodologies**

GRI 305-2

Energy indirect (Scope 2) GHG emissions

The gross volume of location-based, indirect energy-related GHG emissions (Scope 2) in 2020 was **equivalent to 39,964 tonnes of CO₂**.

The gross volume of market-based, indirect energy-related GHG emissions (Scope 2) in 2020 was **equivalent to 13,628 tonnes of CO₂**. Our climate targets refer to the market-based value.

The calculation focuses on CO₂. Other gases are not relevant in Tchibo's operational processes and were therefore not included in the materiality analysis.

The year 2018 is the baseline year for our climate targets.

In 2019, we completely overhauled the way we calculate our carbon footprint. We now also include emissions from all our overseas facilities, as well as emissions from all stages in the value chain, both upstream and downstream, such as coffee growing. Our carbon footprint is calculated according to the Greenhouse Gas Protocol (GHG), which defines best-practice reporting standards.

The Tchibo carbon footprint manual stipulates that the following cases trigger a recalculation of the baseline year emissions:

1. **Structural changes to the organisational structure (such as mergers, acquisitions and divestments; outsourcing and insourcing of emitting activities)**
2. **Changes to the calculation method or a change in the source of emission factors with a significant impact on the baseline year data**
3. **Discovery of significant errors in the calculation**

Another rationale for using 2018 as the baseline year is our participation in the Science Based Target initiative, whose regulations state that the baseline year must not be more than two years ago. Having committed to the initiative in 2020, Tchibo is using 2018 as our baseline.

The emissions factors used are taken from the following sources: DEFRA, VDA, GEMIS.

Operational control was used as the consolidation approach for the emissions. With this approach, Tchibo assumes responsibility for activities that are within the control of the company and its employees and can therefore be influenced directly or indirectly.

Our carbon footprint analysis is based on the following standards and methodologies:

- **The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)**
- **The Greenhouse Gas Protocol: Scope 2 Guidance**
- **Smart Freight Centre: GLEC Framework for Logistics Emissions Methodologies**

GRI 305-3

Other indirect (Scope 3) GHG emissions

The gross volume of other indirect GHG emissions (Scope 3) in 2020 was **equivalent to 888,763 tonnes of CO₂**.

Gases included in the calculation are: CO₂, CH₄, N₂O, FKW, PFKW, SF₆ and NF₃. The selection of gases included varies depending on the emission factor. Biogenic CO₂ emissions have not been explicitly included in Scope 3, but may be part of the emission factors used.

The following categories were included in the calculation:

- 3.1 Purchased goods and services
- 3.2 Capital goods
- 3.3 Fuel- and energy-related emissions
- 3.4 Transportation and distribution (upstream)
- 3.5 Waste
- 3.6 Business travel
- 3.7 Employee commuting
- 3.11 Use of sold products
- 3.14 Franchises

The 2018 reporting year is the baseline year for our climate targets. In 2019, we completely overhauled the way we calculate our carbon footprint, backdated to 2017. We now also include emissions from all our overseas facilities, as well as emissions from all stages in the value chain, both upstream and downstream, such as coffee growing. Our carbon footprint is calculated according to the Greenhouse Gas Protocol (GHG), which defines best-practice reporting standards.

The Tchibo carbon footprint manual stipulates that the following cases trigger a recalculation of the baseline year emissions:

- 1. Structural changes to the organisational structure (such as mergers, acquisitions and divestments; outsourcing and insourcing of emitting activities)**
- 2. Changes to the calculation method or a change in the source of emission factors with a significant impact on the baseline year data**
- 3. Discovery of significant errors in the calculation**

Another rationale for using 2018 as the baseline year is our participation in the Science Based Target Initiative, whose regulations state that the baseline year must not be more than two years ago. Having committed to the initiative in 2020, Tchibo is using 2018 as our baseline.

The emissions factors used are taken from the following sources: DEFRA, VDA, GEMIS.

Operational control was used as the consolidation approach for the emissions. With this approach, Tchibo assumes responsibility for activities that are within the control of the company and its employees and can therefore be influenced directly or indirectly.

Our carbon footprint analysis is based on the following standards and methodologies:

- **The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)**
- **The Greenhouse Gas Protocol: Scope 2 Guidance**
- **Smart Freight Centre: GLEC Framework for Logistics Emissions Methodologies**

Management approach for GRI 306**Challenges**

No manufacturing company can avoid generating waste. At Tchibo, we address this issue on several levels: in our supply chains - in the growing and processing stages, for example, from coffee cherry to coffee bean; at the production level - in our two coffee-roasting plants, for example; at the packaging level, because many of our products - such as coffee, for example - cannot be sold without packaging; and also at the level of our administrative and warehouse buildings. One particular challenge we are working on is the volume of packaging material in logistics.

Strategy & measures

Our strategy can be summarised in three words: reduce, reuse, recycle. This means reducing our use of paper and cardboard, for example, and meeting the demand that remains with materials from certified responsible forestry and recycled materials, such as recycled plastic. We have reduced our plastic consumption by using paper sleeves to package our clothing rather than plastic film, for example.

We are developing solutions that enable our packaging to be recycled after use and returned to the raw material cycle. Where possible, we use reusable transport boxes for the delivery of picked goods to our shops and supermarkets.

We are constantly looking for innovative ways to use and recycle the waste generated in the production of our coffee. We have used paper made from coffee grounds for the cover of our 2019 Sustainability Report.

As a producer of waste, Tchibo is responsible for ensuring that the waste it generates is properly disposed of or recycled. For this reason, we collect data regarding waste at our own administrative, production and warehouse sites, as well as at warehouse sites operated by external service providers. .

Progress & goals

Our three-year waste balance from 2018 to 2020 shows that the amount of waste we produce is decreasing overall. The data on waste indicates more variation between 2019 and 2020 for some individual items. There are various reasons for this: The increase in waste from food production and processing can be explained by the increase in the amount of coffee we produce. As a result, more coffee dust and coffee chips were generated as waste during coffee production in 2020. Waste from construction and demolition, on the other hand, fell sharply in 2020. This was due to the completion of a building project at our roasting facility in Hamburg, which generated 170 tonnes of construction waste in 2019. Waste in the 'non-hazardous incinerated waste' category was halved. This drop is the result of a reduction in food waste due to the temporary closure of staff canteens on account of the COVID 19 pandemic.

Tchibo has not set any quantifiable targets for waste reduction and avoidance. Nevertheless, we are working constantly on new and innovative solutions to reduce the amount of waste generated by our company.

Waste by type and disposal method

ALL FIGURES ARE IN TONNES	2019*	2020
TOTAL	12,815.87	11,601.24
WASTE AT TCHIBO SITES	8,618.02	7,278.93
WASTE AT SITES OPERATED BY SERVICE PROVIDERS	4,197.85	4,322.31
HAZARDOUS WASTE	8.36	10.33
COMPOSTED	0	0
RECYCLED	1.93	0.53
INCINERATED	5.83	9.80
LANDFILLED	0.40	0.00
NON-HAZARDOUS WASTE	12,815.87	11,590.91
COMPOSTED	779.88	845.70
RECYCLED	10,347.29	9,915.72
INCINERATED	1,688.70	829.40
LANDFILLED	0.40	0.10

*This data was collected for the first time in 2018 because of our cooperation with a new waste disposal partner.

The waste disposal method is determined from the information provided by the utility service provider.

Significant release of harmful substances

No incidents were reported or known to us during the reporting period.

Environmental compliance & environmental assessment of suppliers

Management approach for GRI 307 & 308

Challenges

Regulations and laws or voluntary initiatives aim to increase environmental protection and conservation of resources - nationally, EU-wide and globally. Examples of regulations we are bound by include the European Timber Trading Regulation governing the import of timber products, the European Chemicals Regulation governing the marketing of products, emission limits for our roasting facilities and the Packaging Act. It is of great importance to us that our business activities do not damage the environment.

That is why we are proactively working on solutions that go beyond compliance with legal requirements, with the aim of making a significant contribution to greater environmental protection and conservation of resources.

This presents us with the particular challenge, among other things, of establishing mechanisms and structures for increased environmental protection and conservation of resources in all the relevant phases of a product's life cycle: from design to manufacture and the selection of raw materials, from production processes to packaging and returning waste to the cycle of materials.

In our own roasting facilities, environmental teams ensure compliance with legal requirements. The roasting facilities are also inspected annually by the appropriate environmental authorities.

Tracking down environmental violations in our supply chains is something that is far less easy for us. The greatest risk here comes from the farming of raw materials and subsequent processing of raw materials outside the EU.

When it comes to the farming of raw materials in particular, the challenge of identifying violations throughout all our supply chains is extremely difficult and sometimes even virtually impossible to achieve. One reason for this is that coffee, cotton and wood farming is done on a very small scale. In many cases, farmers only cultivate a few hectares. Due to the complexity of the supply chains, it is often impossible to trace the exact origin of the coffee. This makes it difficult for us to check every single farm. Given our purchasing volumes, it is not realistic for us to individually inspect every single coffee farm throughout the whole supply chain.

This is somewhat easier when it comes to the processing stages, since we are able to audit our direct suppliers and their production facilities.

Strategies & measures

The strategies and measures we use to ensure that the environment is protected and to prevent environmental violations can be divided into four areas:

1. **The Codes of Conduct - the principles underlying the way we do business**
2. **Measures at our own sites**
3. **Measures relating to subsequent processing/in factories**
4. **Measures relating to the farming of raw materials**

1. Codes of Conduct - the principles underlying the way we do business

Our Tchibo Code of Conduct (CoC) and Tchibo Social and Environmental Code of Conduct (SCoC) set out the binding principles of how we do business for our employees and all our business partners. They are integral parts of our contracts. Any infringement of these codes of conduct will result in the contractual relationship being terminated.

The key international conventions and fundamental principles are enshrined in the Tchibo Code of Conduct, a binding document that serves to guide Tchibo employees in everything they do. The CoC also forms the basis for ensuring legal compliance at every level within the Tchibo organisation. 'We take responsibility for the environmental and social impacts of our actions' - this fundamental principle shapes our work in all aspects of our business processes. The Tchibo Code of Conduct defines requirements for working conditions and environmental standards.

The Tchibo Code of Conduct (CoC) and the Tchibo Social and Environmental Code of Conduct (SCoC) can be found in the **[Downloads](#)** area, under *Tchibo Policies & Commitments* and *Supplier Policies & Guidelines*.

2. Measures at our own sites

Tchibo has implemented a multi-year investment programme to bring its coffee roasting facilities up to date with the latest roasting technologies. By the end of 2020, a total of 20 million euros was invested in our main roasting facility in Hamburg alone, which was spent on state-of-the-art drum and hot-air roasters. This upgrade work will turn Tchibo's main plant into one of the most modern roasting plants in Europe, saving more than 1,000 tonnes of CO₂ per year in the future. This means that all our roasting facilities have now been fully modernised.

We are also continuously reducing energy consumption in all of our roasting facilities by implementing energy management measures in accordance with ISO 50001.

In 2019, we commissioned a software-based energy-monitoring system at our Berlin plant.

3. Measures relating to subsequent processing/in factories

Every two years, we assess the human rights situation in our manufacturing countries based on recognised indices and publications by expert organisations. The results from this analysis are used to group countries into five categories, which in turn indicate the degree of scrutiny required of producers:

- 1) No human rights review of the individual production facility necessary;
- 2) Review of workers' rights and environmental standards as part of other factory visits and quality audits;
- 3) One-day external social and environmental audits;
- 4) Two-day external social and environmental audits;
- 5) No purchasing permitted at all.

Additional data and information can be found in the **[Key Figures](#)** table.

The risk assessment for our producing countries and the resulting guidelines (Social and Environmental Country Risks and Policies) can be found in the **[Downloads](#)** area, under *Tchibo Policies & Commitments*.

We conduct social and environmental audits to verify compliance with the standards set out in the contractually binding Tchibo Social and Environmental Code of Conduct (SCoC). New factories are audited before a contract is signed with the supplier. The outcome of the audit determines the purchasing decision: Only those that meet the minimum requirements are included in our portfolio - no matter what the product or how big the order. Any zero-tolerance violations must be rectified before any orders can be placed with the producer. These include, for example, obstruction of emergency exits, failure to provide employment contracts, payment below the legal minimum wage, or discharge of chemicals into the groundwater. In the case of any other violations - such as workers failing to wear the protective clothing provided, missing information in employment contracts, late payments or a lack of safety labelling on chemicals - we give producers more time to rectify them. Orders can be placed once suppliers have submitted their plans for improvement.

We use our WE dialogue programme and our Global Framework Agreement with IndustriALL to assist in the improvement of working conditions at factories we regularly work with. Those producers who are not covered by our WE programme are audited every three years. These factories are given a period of four weeks to rectify zero-tolerance shortcomings. If this deadline is not met, the producer will be suspended. They will not receive any new orders until the shortcomings have been remedied. This sends a clear message that the violations found are unacceptable, whilst at the same time giving our existing business partners time to address them. If we did not do so, factories would conceal shortcomings. Terminating the business relationship should always be the last resort where producers are unwilling to implement improvements.

Producers need considerable resources for the audits performed by their customers. This leaves very little time for them to look after the needs of their own employees. We therefore also accept audit results from independent standard organisations, which producers can submit themselves. BSCI, WRAP, SMETA 4-pillar audit, SA8000 with ISO. However, these must cover all the issues that we have categorised as zero-tolerance deficiencies with respect to our SCoC. Where appropriate, we still check specific aspects of our zero-tolerance requirements. Where we have trading partnerships with other reputable brands, we do not carry out our own audits if the producers can prove that they have their own programme for compliance with human rights and environmental standards.

A complete list of Tchibo's textile producers and wet-processing companies can be found in the **[Downloads](#)** area, under *Supply Chain Transparency*, and in the **[Open Apparel Registry](#)**.

Effective grievance mechanisms (non-food items)

Grievance mechanisms are important to ensure that human rights and environmental protection are firmly embedded in supply chains. They help us to identify violations of labour and environmental standards and to work together with those affected and those responsible to remedy the situation. Tchibo has established a system consisting of multiple grievance channels, which is intended to allow as many people as possible to report grievances. Grievances are logged and investigated by a designated Tchibo employee, whenever possible together with members of the local WE programme. We often enlist the help of external and independent expert organisations for the investigation. This is used as the basis for an action plan, which is drawn up in collaboration with the relevant Tchibo departments, such as Purchasing. We do everything we can to resolve grievances by working together with those affected and those who have caused them. The results are then used to inform our supply chain programmes, training courses and business processes. The following grievance channels exist: direct grievances at Tchibo, WE programme, trade unions (Global Framework Agreement), Bangladesh Accord, whistleblowing for Tchibo employees and business partners.

4. Measures relating to the farming of raw materials

Our biggest challenge is tracing the supply chains for sourcing raw materials like cotton and coffee. We employ a number of strategies here to avoid or minimise environmental damage in the producing countries:

- We use certified raw materials for the majority of our non-food goods, which help to improve the environmental situation in the countries of origin thanks to their environmental standards.
- We know which regions our raw materials come from and are committed to regional engagement and local cooperation in order to improve the overall situation in the region.
- We conduct global hotspot analysis to identify environmental risks regarding biodiversity, water and climate, and use this as the basis for local environmental projects.
- We have developed a position statement setting out targets and zero tolerances on the topic of 'farming and its environmental impact'.
- We are now using this positioning as the basis for a purchasing policy to integrate our sustainable farming goals into our supply chains too.
- As part of our coffee sustainability strategy, we are committed to educating small-scale farmers and sharing knowledge about sustainable farming methods and environmentally responsible and health-conscious use of pesticides and agrochemicals.
- Since it is impossible to overcome major ecological challenges - such as the use of environmentally damaging pesticides, for example - through legal regulation, we are also addressing these problems at a global level and via international cooperation, with joint initiatives in Brazil and Vietnam, for example, alongside other stakeholders from the Global Coffee Platform.

Progress

Non-Food: We are constantly increasing the proportion of certified raw materials:

- The number of wood products that are FSC®-certified has increased (FSC® C022597).
- 37% of the products we sell with a wood/pulp component are FSC®-certified or come from European forestry schemes (FSC® C022597).
- 96% of the cotton processed for our clothing and home textiles was grown in a more sustainable way in 2020 (Organic Content Standard [OCS], Global Organic Textile Standard [GOTS], Cotton made in Africa [CmiA]).

Coffee: We believe in sector-wide transformation processes and our own programmes:

- 40,000 farmers have been helped by Tchibo Joint Forces!® measures.
- We have developed a position statement setting out clear guidelines for our buyers, including on compliance with environmental criteria.

Objectives

In 2020, we developed a guideline with social and environmental criteria for the farming of our agricultural raw materials. This guideline indicates which labour practices we do not tolerate when it comes to people and the environment, and it describes the direction we want to take in the long term when it comes to farming. We have been applying the agricultural policy since 2021, at the same time using it as a guideline for the development of new projects involving farmers.

Targets for cotton: 100% more sustainable cotton by 2021, development of cotton projects involving integration within the supply chain

Long-term target: Introduction of environmental projects in all environmental hotspot regions and in all topic areas

GRI 307-1

Non-compliance with environmental laws and regulations

No incidents were reported or known to us during the reporting period.

GRI 308-2

Negative environmental impacts in the supply chain and measures taken

One issue that is particularly relevant is the need to reduce the negative environmental impact of using chemicals. To this end, we have implemented the following measures:

Detox Commitment

In 2014, Tchibo committed to eliminating the use of hazardous chemicals in textile production. The Manufacturing Restricted Substances List (MRSL) forms the basis for removing such chemicals from our supply chains. This list contains chemicals that must not be used in production. Tchibo has been a member of the Zero Discharge of Hazardous Chemicals (ZDHC) initiative since 2018. We have integrated the ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) into our Social Code of Conduct. The ZDHC MRSL is already recognised as an industry standard in several producing countries. By taking a joint approach, we want to drive forward standardised requirements in the industry.

Since signing the Detox Commitment in 2014, Tchibo has systematically created transparency regarding the upstream stages relevant to the detox – such as dyeing plants, laundries and printing plants – in its textile value chains.

- We have succeeded in increasing transparency in our supply chains year on year since 2015, and in 2020 we identified wet-processing factories for 99% of our orders and conducted effluent testing for 67%. This provides us with information about the use of hazardous chemicals. The effluent tests are published online on the ZDHC Gateway Platform of the Zero Discharge of Hazardous Chemicals (ZDHC) initiative.
- PFCs have been banned in our outdoor clothing since 2016. The use of flame retardants, biocides and many other critical substances is also prohibited in the production of Tchibo products.

We also work continuously to train our suppliers.

- Since 2017, Tchibo has participated in the Advanced Chemical Management Training (ACMT) (until 2019 the develoPPP programme): In a strategic alliance with REWE Group and GIZ, Tchibo has developed a qualification programme under the umbrella of the **develoPPP programme by the German Federal Ministry for Economic Cooperation and Development (BMZ)** for chemical and wastewater-intensive production areas
- Development of a training concept and related materials. The concept incorporated findings from factory visits and training sessions.

To date, 51 suppliers have participated in the programme. In 2020, the training programme was introduced in China, Bangladesh and Turkey. Tchibo has worked in partnership with 334 different wet-processing factories in 2020. Effluent analysis was conducted at 67% of these factories to provide transparency around the use of hazardous or prohibited chemicals. In the event of any violations of the ZDHC MRSL, we begin a dialogue with our suppliers and initiate improvement measures. In doing so, we help the wet-processing factories establish a sustainable chemical management system and environmentally friendly production: 80% of all textiles produced in 2020 are sourced from Detox-certified factories.

In addition to effluent testing, Tchibo supports its suppliers with the implementation of systems that enable them to monitor all the chemicals used in production. As of 2020, 39% of all wet-processing factories have compiled an inventory list for the chemicals they use and have had the chemical list checked for MRSL compliance.

Water stewardship project in China and Turkey

Since 2019: Collaboration with WWF on a project to clean up critical river basins near our production facilities. The project is centred on the Taihu river basin surrounding Lake Taihu, China's third-largest freshwater lake. The Taihu river basin is particularly significant for Tchibo, as the wet-processing plants that are based there are responsible for manufacturing two-thirds of the products we source from China. The aim of the project is to improve the condition of this river basin and in doing so ensure a safe drinking water supply for the more than 30 million people living in the area. To date, 72 Tchibo suppliers have participated in the project. As well as training our suppliers, in this project we also go beyond the factory walls and support activities in the river basin (including stakeholder roundtables, writing policy papers and providing training sessions at industrial sites).

Since 2019: Collaboration with WWF on a project for sustainable coffee farming in the Büyük Menderes River Basin. The Büyük Menderes is one of the most heavily polluted rivers in Turkey. The river is home to 40% of Turkey's leather production, 60% of its textile production for export and 14% of its cotton production. Due to the discharge of polluted water by the textile industry and the farming of raw materials, biodiversity in this river basin is declining sharply and the water quality is deteriorating. The water stewardship project launched by WWF also has the backing of IKEA, Organic Basics and Tommy Hilfiger. Tchibo is focusing on more environmentally friendly, ecological cotton farming in the region. It is hoped that the project will serve as a model that can later be applied to other regions.

GRI 400

SOCIAL STANDARDS

Introduction - People

Putting people centre stage

Tchibo is a family-owned company that has been putting people centre stage ever since its founding in 1949. Our founding father, Max Herz, was himself a firm believer that motivated, skilled employees are a company's most important resource. Today, 70 years later, we go one step further: The same applies to the people in our supply chains. Our business culture is based on dealing fairly with others within our company and with all those from whose work we benefit.

A responsibility to people in our supply chains

As a traditional trading company, Tchibo relies on partnerships with suppliers of non-food items in Asia and Eastern Europe. They manufacture many of the products that we sell to our customers week after week. Our coffee business is also not possible without the people in the coffee-growing countries. In addition to excellent quality and fair prices, our primary goal in these partnerships is to uphold and improve human rights standards.

A complete list of Tchibo's textile producers and wet-processing companies can be found in the **[Downloads](#)** area, under *Supply Chain Transparency*.

Globalisation offers many benefits for our customers and opportunities for the people in our producing and growing countries. Yet it also presents risks and challenges that we have to face: this includes failure to observe workers' rights and social rights, which is unfortunately still more often the rule than the exception in many producing and growing countries and at many production sites. Our aim is to achieve a balance between opportunity and risk for the benefit of all those involved and to include local people in the processes of change.

GRI 401 & 402

Employment & employee-employer relationship

GRI 103-1/2/3

Management approach for GRI 401 & 402

Challenges

Tchibo is a global company with approximately 10,500 employees worldwide, roughly 6,800 of which are in Germany. In order to succeed as a company, we need the expertise, passion, commitment and team spirit of all our employees. That is why we are dedicated to attracting the very best, keeping them long-term and reigniting their passion and their performance time and time again. Faced with demographic change and a shortage of skilled workers, it is also crucial that we attract and inspire new skilled employees to join Tchibo. This means we must constantly evolve, anticipate change and react quickly. As an employer, it is our desire and our duty to offer our employees an attractive working environment.

For the most part, 2020 was dominated by the challenges presented by the COVID-19 pandemic:

An extraordinary level of commitment was required in each and every area to bring Tchibo through the crisis together.

The lockdown brought with it the closure of many of our shops, resulting in reduced working hours for up to 3,300 shop employees.

The majority of our staff worked from home to minimise the risk of infection. The numbers coming into our offices fell dramatically.

A whole host of technical measures were swiftly implemented to enable staff to carry on working and to ensure that work could continue in both production and logistics with strict health and safety measures in place.

Strategy & measures

- We negotiated and implemented a number of important company agreements to protect our employees and regulate work during the COVID-19 pandemic.
- Tchibo topped up the short-time working benefits paid to those employees affected so they didn't lose any of their income.
- The majority of employees across all our sites - in Germany and internationally - were switched to remote working.
- Extensive precautions were taken to protect the health of our employees at all our sites.
- We introduced digital recruiting and onboarding for new employees, which allowed us to continue the hiring and induction processes seamlessly.
- The range of digital training formats offered was expanded.
- Employees facing personal difficulties were offered support in the form of specialist services and courses (including advice on family matters, resilience training and coaching).

There was also a strong focus on 'living the company values'. In a management feedback exercise, employees in the Hamburg, Berlin and Neumarkt sites were asked to evaluate their line managers based on the company values and provide them with feedback. (Employees in our shops didn't take part in the management feedback exercise.)

As a company, we want our employees to be not just satisfied but also actively engaged and involved in shaping the company. Employees can have an influence on company decisions by participating in the Works Council or the supervisory board based on the principle of co-determination. In compliance with the requirements of Germany's Works Constitution Act (BetrVG), the Works Council consists of 35 members and five youth and trainee representatives. The supervisory board is made up of equal numbers of employees and shareholders. The two bodies work closely with each other. Works Council meetings are held regularly both at the head office in Hamburg and at other sites and provide employees with information about the activities of the Works Council, the company's business development and selected topical subjects. Tchibo employees are given the opportunity to put any pressing questions which they consider important to the Works Council and the Tchibo Board of Directors. These questions are then answered at the meetings.

Progress, goals & achievements

Company culture

- Company values announced in the autumn of 2019 now firmly embedded in our corporate culture
- Management feedback exercise carried out based on the company values
- Cultural Council set up to monitor the proactive implementation of our company values within the company, to support initiatives and to explore new ways of doing things
- Company agreement on remote working developed and introduced in order to create a framework for employees and managers that provides them with guidance and certainty

Talentmanagement

- 50% of management positions are filled internally.
- Over 12,914 hours of training and development have been provided for Tchibo employees at the Tchibo CAMPUS.

Relaunch Employer Branding

- We won two 'highest climber' awards in the renowned 'Universum' employer ranking, making great strides up the ladder of attractiveness to employees.
- Due to the COVID-19 pandemic, we conducted the majority of our recruitment interviews online in 2020.

Offers and services for employees

- Since 2006, Tchibo has been helping employees find childcare through a partnership with Elbkinder, an association of daycare centres in Hamburg.
- We offer all our employees at the head office in Hamburg and in the staff canteens at our production and logistics sites freshly cooked, healthy meals every day - including veggie days, eco dishes and vegan options.
- We offer flexible working hours and the option to work from home, as well as offering the flexibility to take a sabbatical.
- We help our employees find a way to escape the stresses and strains of work and look after their health, for example by offering sports classes at our on-site leisure centre with swimming pool.
- Tchibo provides a range of benefits (such as group accident insurance, company pension scheme), anniversary bonuses, employee discounts and a monthly coffee allowance, as well as a contribution towards public transport costs.
- Our company medical officers can provide vaccinations against influenza and other diseases. In 2020, we helped enable early voluntary rapid testing for COVID-19. In 2020 haben wir erste freiwillige COVID-19 Schnelltests ermöglicht.

- We provide coffee pantries on every floor, offering a range of coffee, tea, hot chocolate and mineral water free of charge for employees.

Young Talents

- Tchibo offers six programmes for people starting out in their careers: apprenticeships, combined vocational training and degree programmes, internships, student traineeships, final theses and trainee programmes.
- A total of 146 young trainees began their training at Tchibo in 2020.

Childcare and caring for relatives

Since schools and daycare centres were closed for many weeks due to the coronavirus outbreak, a generous scheme was adopted in consultation with the head of the Works Council:

Parents who were unable to arrange childcare for their children outside the home were asked to record the hours they worked at home themselves and report them to their line manager once they were no longer working from home. If the hours worked were less than their standard working hours due to having to look after a child, they were given the opportunity in the first instance to make up the shortfall in hours worked by the end of the year. Where this was not possible either for professional or personal reasons, the remaining hours were waived at the end of the year without any reduction in salary or holiday entitlement.

This scheme also applied to those caring for relatives.

We also support parents with childcare and provide daycare places at our partner childcare centres close to our Hamburg headquarters. For many years, we have been working closely with pme Familienservice to enable us to meet the various family-related needs that our employees are confronted with in the course of their working lives in the most appropriate way possible. pme Familienservice provides advice on everything to do with childcare and arranges emergency childcare.

We work in partnership with the holiday camp provider kidz-playground to offer our employees holiday activities three times a year for children over the age of six.

pme Familienservice also provides our employees with advice on caring for relatives and arranges the appropriate services. We have had a 'Work-Life Balance Coordinator' since 2016 to allow us provide our employees with even better support in reconciling their work life and their role looking after family members. The initiative for an advisory service such as this as the first point of contact in companies was developed by the Hamburg Alliance for Families, an alliance between the Senate, the Chamber of Commerce and the Chamber of Crafts.

New employee hires and employee turnover

Overall, the number of new appointments went down compared with 2019. This can be traced back to our shops in particular, which saw a fall in recruitment of around 50% due to the pandemic.

Employee turnover is also falling (by about 20%) for the same reason. There are no significant differences in staff turnover between men and women.

New appointments

New appointments (excluding apprentices and trainees), broken down by age group, gender and area of employment in Germany:

FIGURES IN ABSOLUTE NUMBERS	2019	2020
TOTAL	1,119	774
OF WHICH WOMEN	867	559
OF WHICH MEN	252	215
UNDER 30 YEARS OLD	547	341
OF WHICH WOMEN	411	244
OF WHICH MEN	134	97
30-50 YEARS OLD	485	354
OF WHICH WOMEN	335	253
OF WHICH MEN	101	101
OVER 50 YEARS OLD	136	79
OF WHICH WOMEN	121	62
OF WHICH MEN	15	17
IN STORES	793	433
OF WHICH WOMEN	800	388
OF WHICH MEN	93	45
IN OFFICES	277	310
OF WHICH WOMEN	158	167
OF WHICH MEN	119	143

FIGURES IN ABSOLUTE NUMBERS	2019	2020
IN THE FIELD	20	9
OF WHICH WOMEN	8	4
OF WHICH MEN	20	5
IN ROASTING FACILITIES	29	22
OF WHICH WOMEN	1	0
OF WHICH MEN	28	22

Staff turnover

Number of staff leaving as a proportion of the average number of staff, broken down by area of employment and gender.

FIGURES AS A PERCENTAGE	2019	2020
TOTAL	12.9	10.0
WOMEN	12.9	9.8
MEN	12.8	10.6
UNDER 30 YEARS OLD	31.2	25.0
30-50 YEARS OLD	13.0	10.3
OVER 50 YEARS OLD	5.7	3.7
IN STORES	15.6	11.7
OF WHICH WOMEN	14.7	11.1
OF WHICH MEN	49.1	33.7
IN OFFICES	9.4	7.7
OF WHICH WOMEN	8.5	6.9
OF WHICH MEN	11	9.1
IN THE FIELD	6.6	5.1
OF WHICH WOMEN	8.6	3.7
OF WHICH MEN	5.6	5.8
IN ROASTING FACILITIES	6.4	8.9
OF WHICH WOMEN	0	4.1
OF WHICH MEN	7.2	9.5

Company benefits offered only to full-time employees, but not to temporary or part-time employees

When it comes to providing voluntary employee benefits, Tchibo does not make a distinction between different employment contracts and treats all employees with the same fairness - whether they work full-time or part-time, on a temporary or permanent basis. We know that our employees are our greatest asset. Additional employee benefits and fringe benefits are therefore a sound investment for the well-being of the entire workforce.

Attractive employee benefits and fringe benefits are an integral part of our corporate culture, which reward the commitment and dedication of our employees. These extras include company pension schemes, healthy living initiatives, group accident insurance that also covers our employees' private lives with 24-hour cover, and employee discounts on Tchibo products and travel. We also promote employee safety on the way to work by offering driver safety training, which is partially funded by the German Employers' Liability Insurance Association. As part of our company health campaign, we offer our employees a comprehensive range of services, most notably at our leisure centre at the Hamburg head office: for a monthly fee of just two euros, they can take part in a variety of sports and use the in-house swimming pool and weights room. For employees who live outside Hamburg, we offer gym memberships at reduced rates.

Parental leave

All of our employees in Germany are entitled to parental leave.

Numbers taking parental leave

The table below shows the total number of employees who claimed parental leave (including those who worked part-time whilst on leave).

FIGURES IN ABSOLUTE NUMBERS	2019	2020	FIGURES IN ABSOLUTE NUMBERS	2019	2020
TOTAL	366	349	IN THE FIELD	10	9
WOMEN	321	306	WOMEN	7	5
MEN	45	43	MEN	3	4
IN STORES	174	162	IN ROASTING FACILITIES	4	6
WOMEN	172	161	WOMEN	1	3
MEN	2	1	MEN	3	3
IN OFFICES	178	172			
WOMEN	141	137			
MEN	37	35			

Employees on parental leave

The table below shows the total number of employees on full parental leave for at least three months (without working part-time at the same time).

FIGURES IN ABSOLUTE NUMBERS	2019	2020
TOTAL	126	123
OF WHICH WOMEN	124	119
OF WHICH MEN	2	4
IN STORES	68	60
IN OFFICES	56	59
IN THE FIELD	2	3
IN ROASTING FACILITIES	0	1

Integration of parental leave after 12 months

The table below shows the percentage of employees who were employed at Tchibo 12 months after the end of a period of parental leave lasting at least three months.

FIGURES IN ABSOLUTE NUMBERS	2019	2020
TOTAL	90	85
OF WHICH WOMEN	90	86
OF WHICH MEN	100	75
IN STORES	93	90
IN OFFICES	89	81
IN THE FIELD	0	67
IN ROASTING FACILITIES	n/a	100

GRI 402-1

Minimum notice period for changes to operations

Employees at Tchibo are represented by the Works Council. In the event of significant changes in operations (restrictions or closure or relocation of operations or of significant parts of operations, merging or splitting of parts of operations, fundamental changes in the organisation of work, the purpose of operations, plant facilities or the introduction of fundamentally new working methods or production processes), the Works Council shall be informed in accordance with the Works Council Constitution Act (BetrVG) in good time and in sufficient detail to enable it to exercise its rights to consultation and, if necessary, to safeguard its interests. The more far-reaching rights (including the right to conclude works agreements, to reconciliation of interests and to redundancy packages) are also observed. Any change will be implemented only after proper implementation of this consultation process and in compliance with the agreements reached with the Works Council.

GRI 402-1B

Does not apply as Tchibo is not bound by collective agreements.

GRI 403

Health and safety in the workplace

GRI 103-1/2/3

Management approach for GRI 403

Challenges

Our employees perform to high standards on a daily basis. Their commitment, their performance and in turn the success of our company is founded on a working environment that promotes and safeguards their health and enables each and every one of them to maintain a good balance between their professional and private lives. It is our responsibility as a family company to implement management methods, processes and support services that enable employees to maintain a healthy balance between a strong work ethic and good self-care. We place a high value on health and safety in the workplace. Infection control has become a particular challenge during the coronavirus epidemic.

Measures & strategies

Our occupational health management programme is designed to ensure that our employees are actively invested in their own health. In order to make better use of the synergies involved, in 2015 we set up a dedicated team in the Human Resources department with the task of promoting employee health and helping staff reconcile work and family life. This brings together our occupational health management (OHM) programme with all of our schemes and offerings relating to 'work and life'.

The core areas covered include the programmes 'My Family', 'My Health', 'My Exercise' and 'My Diet'. We provide a range of different activities and information in these areas. In 2019, we teamed up with a health insurance provider to develop a new range of benefits for our employees.

Activities regularly offered include the weekly 'active break' at two of our sites in Hamburg, mobile massages for employees at the logistics site in Gallin and the large leisure centre at our head office in Hamburg. We run over 30 classes here every week. Staff can also use the gym, swimming pool, squash court, relaxation lounge and other facilities.

We believe that a healthy working environment also means regularly reviewing the ergonomic design of the workplace and assessing any exposure to stress in the workplace, for instance due to noise, and taking appropriate steps to improve the situation. As part of our efforts to promote health, we have also included the topic 'Healthy and safe leadership' in the handbook for managers. Employees are given advice and support from our occupational health services and our specialist on-site health and safety experts.

Our health concept also includes nutrition: we serve freshly cooked meals every day in our on-site canteens. We have been expanding the daily selection of vegan and vegetarian dishes in our staff restaurant, Nordlicht, since 2019. Thanks to our cooperation with BRIGITTE DIÄT - the diet and nutrition section of Germany's largest women's magazine - and the North German Broadcasting Corporation's 'Nutrition Doctors', we inspire our employees to opt for healthy, light meals and to carry these eating habits into their private lives as well. This is also something we promote with our podcast 'Five Cups a Day', which regularly focuses on the topic of nutrition (for example, on 24th February 2020: 'Bye bye sugar - so rettet ihr Gesundheit und Klima' [Bye bye sugar - how to eat to improve your health and save the planet]).

Our company integration management programme provides support for employees who have been absent due to illness for more than six weeks within the space of a year, helping them to return to work. We offer them tailored and flexible workplace and working hours arrangements and, where appropriate, we also work with them to redefine their duties. Our goal is to settle employees back in quickly and gently and to help them stay fit for work in the long term. We run a special integration programme for those employees returning to work following parental leave.

Support for our employees with severe disabilities is provided in the form of a representative body for the severely disabled, as well as seminars and talks. In the past seven years, we have increased the quota of severely disabled employees to a share of over 6% of the total workforce.

Additional challenges emerged as the COVID-19 pandemic hit. In order to ensure the best possible protection for our staff, COVID safety policies have been developed and measures have been put in place to minimise the risk of infection and help society get the pandemic under control. Measures are implemented at each site under the central control of a crisis team, with legal requirements such as the SARS-CoV-2 Occupational Health and Safety Ordinance and the SARS-CoV-2 Occupational Health and Safety Regulation providing the basis for these activities.

Health and safety in the workplace outside Germany

Information about health and safety in the workplace outside Germany can be found in GRI 403-7 and in 'Management approach for GRI 407-414'.

Achievements & goals

We have already achieved a lot for the health of our employees since 2015, both with our projects and with the healthy food in our canteens. By regularly reviewing the existing measures and options and adapting them according to the circumstances, we are able to provide comprehensive occupational health and safety protection in compliance with the legal requirements. Reduced social contact as a result of the pandemic and staff working remotely has provided particular challenges in 2020, as has the added burden of home-schooling for many families. We realised this early on and have made various forms of support available, including in partnership with our service provider pme Familienservice.

Our achievements and goals in relation to health and safety in the workplace outside Germany can be found in GRI 403-7 and in 'Management approach for GRI 407-414'.

GRI 403-1

Occupational health and safety management system

Tchibo does not operate a specific management system for health and safety in the workplace. The health and safety of our employees is protected in accordance with the legal requirements applicable in Germany. In addition, works agreements and company guidelines on issues relating to health and safety in the workplace are drawn up in cooperation with the Works Council.

In accordance with statutory requirements (§ 11 of the German Occupational Safety Act, ASiG), Tchibo has a health and safety committee at site level, which represents not only the central administrative offices but also the sales outlets (shops & stores and retail concessions). Its members include a member of the executive board, members of the Works Council and representatives of the severely disabled, experts on health and safety in the workplace, representatives of the various specialist departments and the safety officer.

At Tchibo, 100% of the workforce is represented in health and safety committees.

Hazard identification, risk assessment and incident investigation

Risk assessments are drawn up in accordance with statutory requirements. In these assessments, we periodically examine the safety hazards and health risks posed by workplaces and work processes, but we also assess situations as they arise. Owing to the situation in 2020, for example, a risk assessment was conducted for remote working. Health and safety at Tchibo is subject to a continuous improvement process, shaped by the legal requirements and guidelines and by the insights gained from our day-to-day workflows and processes at Tchibo.

Employees can report any threats to their physical safety to an external whistleblowing hotline. The hotline staff are bound to absolute secrecy and confidentiality and do not disclose the identity of whistleblowers.

In addition, members of the Works Council are designated points of contact for anyone wishing to report work-related hazards. They too are obliged to maintain confidentiality.

All workplace accidents are reported to the Human Resources department. The HR department then notifies the German Employers' Liability Insurance Association and passes the form on to the responsible occupational health and safety officer. Accident investigations are carried out, where necessary, by the responsible occupational health and safety officer working alongside the company medical officer and the employees concerned. The findings from this will influence future action taken to protect the health and safety of employees. In 2020, there were no workplace accidents that required investigation or closer examination.

Occupational health services

All employees can seek advice from company medical officers or occupational health services on how to protect their health, improve their health and take preventive measures. The company medical officers and occupational health services offer preventive care (such as vaccinations and antigen tests for COVID-19) to all employees. All the relevant elective, optional and mandatory occupational health check-ups are offered and carried out. In addition, the company medical officers are also members of the health and safety committee and participate in regular health and safety inspections.

The occupational health service can be accessed by all employees either by telephone or by email. Occupational health services are available on-site at fixed intervals, depending on the specific site, in accordance with legal requirements.

Worker participation, consultation, and communication on occupational health and safety

We implement our health and safety policy in accordance with legal requirements; we do not have a management system in place. Health and safety information is available to staff via the company Intranet, for example. They can find everything they need here, from the contact details of the occupational health services and medical officers to the exercise classes offered at the leisure centre. Any important situation-specific information, such as measures relating to the COVID-19 pandemic, is sent to employees by email or they are notified by management staff. This information is also posted as on the Intranet in the News section. Any training that is required is predominantly delivered digitally, with employees having the opportunity to evaluate the training sessions and courses provided and to make suggestions for improvements as permitted by law. Regular surveys enable employees to take an active role in shaping occupational health and safety policy.

The health and safety committee meets once every quarter, in accordance with statutory requirements. The committee's members include a member of the executive board, members of the Works Council, representatives of the severely disabled, the occupational health and safety officer, the company medical officer and representatives from the various specialist departments. This structure means that decisions can be taken immediately and then implemented.

Worker training on occupational health and safety

Employees are given training on all compulsory health and safety topics. Most of the training is provided in the form of e-learning courses.

In 2020, the 'safety briefing for new employees' and the briefing on COVID-19 were introduced in a new e-learning format.

A planned health day had to be cancelled in 2020 due to the pandemic.

Promotion of worker health

The occupational health management and all of our measures and offerings relating to 'work and life' are overseen by teams in the Human Resources department.

The core areas covered include 'My Family', 'My Health', 'My Exercise' and 'My Diet'. We offer a range of activities and information in these core areas and have collaborated with a health insurance company to develop new activities for our staff.

Activities regularly offered to our employees include the weekly 'active break' at two of our sites in Hamburg, mobile massages for employees at the logistics site in Gallin and our large leisure centre at the head office in Hamburg. More than 30 classes are offered here every week, and staff can also use the gym, swimming pool, squash court, relaxation lounge and other facilities. We are continuously adapting the programme of sports and exercise classes we offer to suit the needs of our employees and reflect the latest scientific findings.

We believe that a healthy working environment also means regularly reviewing the ergonomic design of the workplace and assessing any exposure to stress in the workplace, for instance due to noise, and taking appropriate steps to improve the situation. As part of our efforts to promote health, we have also included the topic 'Healthy and safe leadership' in the handbook for managers. Employees are given advice and support from our occupational health services and our specialist on-site health and safety experts.

Our health concept also includes nutrition: we serve freshly cooked meals every day in our on-site canteens. We have been expanding the daily selection of vegan and vegetarian dishes in our staff restaurant, Nordlicht, since 2019. Thanks to our cooperation with BRIGITTE DIÄT - the diet and nutrition section of Germany's largest women's magazine - and the North German Broadcasting Corporation's 'Nutrition Doctors', we inspire our employees to opt for healthy, light meals and to carry these eating habits into their private lives as well. This is also something we promote with our podcast 'Five Cups a Day', which regularly focuses on the topic of nutrition (for example, on 24th February 2020: 'Bye bye sugar - so rettet ihr Gesundheit und Klima' [Bye bye sugar - how to eat to improve your health and save the planet]).

GRI 403-7

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Suppliers for coffee

Only a small fraction of the world's coffee comes from professionally run plantations that, as a business, are able to adopt health and safety measures as required by law. The majority of coffee is grown by small-scale farmers with less than five hectares of land. The supply chains vary greatly: sometimes the coffee cherry is hulled straight away on the farm, and sometimes this work is outsourced to a third-party provider.

Hazards encountered by workers out in the field are mainly due to the use of agro-chemicals, a lack of protective clothing, injuries from tools, exposure to sunlight, insect and snake bites, and lifting and transporting heavy loads. When the coffee is being processed in the mills, large amounts of dust can be generated, which requires the use of respiratory masks. Heavy machinery calls for adequate safety training and the use of ear defenders and appropriate protective clothing. Serious accidents can occur during transit due to inadequate infrastructure. We use a variety of different mechanisms to address this wide array of risks and the challenges they pose, while still promoting health and safety at work.

Approximately 22% of our coffees are certified and meet the criteria of the Rainforest Alliance, UTZ, Certified Organic and Fairtrade labels. These schemes set clear requirements for the certified cooperatives and regularly audit compliance with these standards.

We use alternative approaches to ensure we also achieve higher standards across our non-certified supply chains. In Brazil and Vietnam, we work with other roasting companies to provide farmers with specialist training that covers how to work with agrochemicals responsibly, the use of protective clothing and how to store substances properly. Our Tchibo Joint Forces!® projects enable us to take advantage of being close to our producers and provide focused training here as well.

Suppliers for non-food items

Our Social and Environmental Code of Conduct (SCoC) is contractually binding for all our suppliers, service providers and partners in the non-food sector. It explicitly states that workers must be provided with a safe and hygienic working environment, that corresponding concrete rules and process instructions must be in place and that regular health and safety training should be provided. Workers have the right to remove themselves immediately from dangerous situations. The SCoC also contains specific guidelines for chemical management in production facilities, which also has an impact on health and safety in the workplace. Unsafe and potentially lethal buildings and working environments, and non-existent or highly inadequate building amenities, in particular fire protection equipment and escape routes, constitute a zero-tolerance infringement of our SCoC. We verify compliance with these requirements in all quality audits as well as social and environmental audits (see GRI 414).

The following certifications and standards, which we use for the raw materials for non-food items, include guidelines for health and safety in the workplace and/or chemical management and pesticides: Cotton made in Africa (CmiA), Fairtrade, Forest Stewardship Council® (FSC®), Global Organic Textile Standard (GOTS).

There is an increased risk of dangerous or unsafe work in all the processing steps used for our non-food articles.

Our specific risks for health and safety in the workplace and instructions for action to be taken (Social and Environmental Country Risks and Policies) can be found in the **Downloads** area, under *Tchibo Policies & Commitments*.

We counter the risk directly and indirectly with a range of preventive and problem-solving measures. In addition to strict auditing in all our audit processes, we are also committed to long-term partnerships with suppliers and producers. This allows our partners to plan with certainty, which in turn provides a stable framework that enables health and safety standards to be improved.

One of the five focus areas of our WE programme is 'Health and safety in the workplace'. Because successes in this area are easy to see and measure, this helps to encourage continued commitment to labour standards and participation in the WE programme.

Tchibo is a founding member of the Accord on Fire and Building Safety in Bangladesh. Our analysis of systemic violations of workers' rights in Bangladesh had taught us that the only way to achieve true safety for workers was through a collaborative approach with external monitoring and transparency. Today, the Accord is the most successful initiative in the world for improving working conditions in the textile industry, with a clear focus on health and safety in the workplace. Since it was first established, there have been no fatal fires or collapses in the approximately 1,600 factories that have signed up. All Tchibo textile producers in Bangladesh are covered by the Accord and must comply with the standards of the Accord before entering into a business relationship with us or remedy any deficiencies identified within one year. In 2020, 98% of our producers' safety deficiencies were rectified. All Tchibo manufacturers in Bangladesh have been integrated into Accord programmes, which set up and train safety committees in the factories. So far, 72 % of our 39 factories have successfully gone through the programme.

Since 2017, Tchibo has participated in the Advanced Chemical Management Training (ACMT). In a strategic alliance with REWE Group and the German Society for International Cooperation (GIZ), we have developed the qualification programme under the umbrella of the **DeveloPPP programme by the German Federal Ministry for Economic Cooperation and Development (BMZ)** for chemical and wastewater-intensive production areas. To date, 51 producers have participated in the programme. In 2020, the training programme was introduced in China, Bangladesh and Turkey.

More information about chemical management can be found under GRI 308-2.

COVID-19 pandemic

We have adapted our WE programme in response to the pandemic: Activities with factories have been carried out either online or in small groups in strict compliance with national hygiene requirements. Our WE facilitators introduced regular communication with all WE factories, including on mandatory and additional health and safety measures, in response to the challenges faced locally. In addition, medical staff from 13 Tchibo producers in Bangladesh took part in an online WE workshop about how to deal with the virus.

The Bangladesh Accord swiftly implemented and monitored universal COVID-19 safety measures for manufacturing plants as soon as the pandemic began in the country. These include safe transport for workers travelling to the workplace, adapted (streamlined) production processes, social distancing, the provision of masks and protective equipment for all factory workers, hygiene measures such as continuous disinfection and ventilation, and paid time off for at-risk groups and people in quarantine. Bangladesh is one of our most important textile-producing countries. Every single one of our suppliers there is a member of the Accord and is therefore subject to the new safety measures.

In partnership with the Stockholm International Water Institute (SIWI) and the Sustainable Textile Water Initiative (STWI), the German Society for International Cooperation (GIZ) is implementing 'train the trainer' courses on occupational health and safety and labour rights during the COVID-19 pandemic in garment factories in Bangladesh. Sixteen of our local producers are taking part, each sending at least two employees to the training sessions, who on completion of their training will become hygiene educators for their workplaces. This will enable them to reach around 5,000 workers in our producers' factories. The project will run from November 2020 to September 2021.

As part of the Tamil Nadu Partnership Initiative of the Partnership for Sustainable Textiles, our project partner SAVE has delivered health and hygiene awareness training to approximately 850 managers in factories and spinning mills in the Indian state of Tamil Nadu and supplied 550 businesses with corresponding information materials.

A more detailed description of the measures we have taken in response to the COVID-19 pandemic can be found in the 2020 Tchibo Human Rights Report (Non Food).

Workers covered by an occupational health and safety management system

An occupational health and safety management system is not in use. The measures and actions taken are in line with the legal requirements, supplemented by voluntary activities aimed at promoting health and enabling a balance between employees' professional and private lives.

Health and safety measures apply to all employees within the organisation. For example, if employees at the head office and other sites in the surrounding area have access to the leisure centre with its many different sports facilities, employees who are unable to take advantage of these facilities because they are too far away have the option of registering with one of our partner gyms. Activities and measures relating to the COVID-19 pandemic were managed centrally by the crisis team in 2020 and implemented as appropriate by the responsible employees at each site.

Work-related injuries

In 2020, there were 46 notifiable workplace accidents resulting in at least three working days' absence from work. There were no fatalities as a result of work-related injuries. In addition, there were 21 reportable commuting accidents. These commuting accidents took place off the company premises and are therefore not directly within our sphere of influence.

With an average of 5,475 full-time employees, this corresponds to an accident rate of twelve accidents per 1,000 employees.

An evaluation of workplace accidents by frequency of injuries is not possible from the available data.

In 2020, there were no fatalities involving workers who are not employed by us but whose work and/or workplace is subject to monitoring by us.

Work-related injuries have to date only been recorded for our own employees.

After the pandemic reached us in Hamburg in early 2020, a risk assessment was conducted and measures adopted on the basis of that assessment to minimise the risk of infection in our buildings for all employees and all workers not employed by us. The relevant parts of the SARS-CoV-2 Occupational Health and Safety Regulation and the SARS-CoV-2 Occupational Health and Safety Ordinance were implemented in full.

Work-related ill health

In 2020, we were not notified of any work-related illnesses among our staff.

Training and education

Management approach for GRI 404

Challenges

The German labour market faces a shortage of skilled workers in many sectors. As a large, globally operating trading company with around 6,800 employees in Germany, we feel it is important to provide training for the next generation in our company and, as an attractive employer, not only to fill our apprenticeship positions but also to encourage these young professionals at the start of their careers to stay with our company long-term.

Our working world is constantly changing - and the challenges and tasks within our company are changing with it. The professional and personal development of our employees and managers is therefore very important to us and is a crucial factor in our competitive ability.

Strategy & measures

Training

We provide junior employees seeking to start their career at Tchibo with a variety of entry-level opportunities - from internships to apprenticeships, combined vocational training and degree courses to trainee programmes.

In doing so, we start with pupils who are already interested. We have been involved in the annual Girls' and Boys' Day since 2000. This means that we welcome more than 40 schoolchildren from years 5 to 10 to Girls' and Boys' Day at the head office every year. They are given the opportunity to spend a day shadowing Tchibo employees as they go about their work.

We offer various training courses, mainly in business management and technical/industrial careers. We attach great importance to teaching trainees to work independently and to take responsibility. For example, our trainees take over the entire management of a Tchibo shop during our 'trainee week'. In our sales countries Germany, Austria and Turkey, we are committed to a three-stage action plan for refugees and provide special internships and apprenticeships for them.

We use our trainee programmes to secure talented employees for the long term and to provide targeted training for our junior (management) staff. Rather than being static, we develop these further in line with our needs and any changes that may occur.

We offer a management trainee programme for economics graduates specialising in trade and sales and with initial sales experience. Participants are given mentoring, seminars and feedback sessions, with the aim of training them to become sales all-rounders within 24 months and then taking them on in a management role, mainly in field sales but also in-house.

Further development

We offer our employees a wide range of development opportunities through our central Tchibo CAMPUS learning platform. With a diverse programme of courses, we encourage them to take a self-directed approach to learning and to experience new things continuously. Topics focus primarily on new challenges in our company such as digitalisation and 'New Work', the increase in staff working remotely and, with it, the challenges of working in scattered teams.

Employees can explore and try out agile working methods, for example, as part of their training. Owing to the current situation, there is high demand for our programme aimed at managers who manage scattered teams. One special section of the Tchibo CAMPUS is the Coffee Academy. Employees can attend seminars to learn everything they need to know about coffee and take part in coffee tastings and roasting plant tours.

Employees can access the Tchibo CAMPUS programme via the myTRACK digital platform.

Leadership development also follows the approach of self-directed, sustainable learning. We nurture those who show management potential with the 'Learn to Lead' programme, which helps them to build personal networks and expand their skills. New management staff complete the 'Leading People' programme, which teaches them leadership tools, among other things.

We also provide a 360-degree feedback process. This process involves colleagues, employees, supervisors, customers and external business partners giving feedback to managers. This 'panoramic view' provides each individual leader with the opportunity for self-reflection and to tailor their development path to their own particular situation.

Regular feedback is also given to our employees working below the management level. This is done using the myTRACK platform, which not only gives employees access to the Tchibo CAMPUS but also allows them to keep track of their tasks and view their own performance.

Goals & achievements

- Implementation of two new trainee programmes in E-Commerce and Planning & Allocation since 2019
- Implementation of a new combined vocational training and degree course in IT Management, Consulting & Auditing (B.Sc.)
- Simplification of application processes, for example by omitting traditional covering letters and focusing on the motivation and skills of applicants
- Participation in a company-wide programme focusing on digitalisation and involving 30 employees
- Organisation of a large-scale virtual conference for new employees, at which different departments introduce themselves
- Increased participation by various members of staff in a range of formats (presentations, workshops)
- Implementation of a pilot project for an agile goal-setting method across different departments

Average hours of training per year per employee

Our employees are our most important asset. That is why Tchibo offers a wide variety of training and development opportunities. In 2020, a total of 12,914 hours of training and further development were taken up by 5,813 employees, in addition to over 400 hours of coaching and advice. These figures do not include any training that takes place directly in our stores or any divisional training provided as part of our internal staff development programme. Ongoing digital education opportunities were offered in the retail division during lockdown, with over 2,000 colleagues taking part.

Programmes for upgrading employee skills and transition assistance programmes

Talent management: developing employees, bringing new talent on board

We recognise the potential and talent of each and every individual at Tchibo. That's why we nurture our employees to enable them to develop and flourish even better – and thus stay with Tchibo in the long term. As part of our talent management strategy, we have set ourselves the goal of successively filling 50% of all management positions with internal talent. Accordingly, we place a high value on training and continuing development in our company, as well as on cross-divisional career development. What's more, because we firmly believe that a good relationship between manager and employee produces the best development opportunities and results, we view our managers as the first talent managers and first HR developers on the ground.

Talent Navigator: providing orientation

Our talent management approach invites all potential and current employees to use interconnected processes to develop themselves for the right position at the right time and to fully unlock existing potential and expertise. This is achieved through clear orientation and target group-specific support within the framework of our 'Talent Navigator'.

Condensing job descriptions into simple cross-divisional role profiles highlights career paths and development opportunities and provides better orientation for employees and managers. The Talent Navigator transparently maps out our job architecture with all the relevant information and is therefore a fundamental part of our work in the Human Resources department. It is stored in our digital talent management platform 'myTrack', enabling managers, employees and the Human Resources team to access it at any time for the purposes of staff development.

Giving feedback, presenting perspectives

Each year, all employees at Tchibo are given detailed feedback via a feedback platform, covering their performance and their progress towards their targets as well as the resulting career prospects, thus enabling them to actively manage their own career development.

The process for assessing performance and potential is a core element of the platform. All employees (excluding industrial employees and staff in our shops) conduct the feedback process based on the role architecture of the Talent Navigator, on the digital platform for talent management and with updated core competences.

Campus: promoting employee development

Tchibo CAMPUS is the central development programme in our company. As part of our diverse programme of courses, we offer employees and managers a variety of development opportunities and encourage them to take a self-directed approach to learning and to experience new things continuously.

We are convinced that Tchibo knows more than it realises. That's why we are increasingly inviting our employees to offer their own sessions and share their knowledge, including going beyond our tried-and-tested 'Lunch & Learn' format. Due to the COVID-19 pandemic, another focus for 2020 was on migrating more than 25 well-established formats to the digital world in order to enable staff to continue their professional development while working remotely.

GRI 404-3

Percentage of employees receiving regular performance and career development reviews

All employees at Tchibo are entitled to an annual development review. During the reporting period, 61% of all employees completed a voluntary self-assessment, providing the basis for jointly exploring development opportunities within the company.

Percentage of employees with a performance review

FIGURES AS A PERCENTAGE	2019	2020	FIGURES AS A PERCENTAGE	2019	2020
TOTAL	27	29	MEN	61	73
WOMEN	20	22	IN THE FIELD	90	93
MEN	52	53	WOMEN	89	92
IN STORES	0	0	MEN	90	93
WOMEN	0	0	IN ROASTING FACILITIES	7	8
MEN	0	0	WOMEN	13	19
IN OFFICES	67	79	MEN	7	7
WOMEN	71	63			

Diversity/equal opportunities & non-discrimination

Management approach for GRI 405 & 406

Challenges

Tchibo employs more than 10,500 people worldwide. These employees come from vastly differing cultures, from different social classes, from different religions and from different generations. As an employer, we therefore consider it our duty to create an environment in which all our employees are treated with respect and without prejudice.

Measures & strategies

We require all our employees to comply with our Code of Conduct. Among other things, it states:

'All employees and business partners have the right to fair, courteous and respectful treatment by superiors and colleagues. No one shall be discriminated against, i.e. disadvantaged without objective reason, on the grounds of their ethnic origin, skin colour, nationality, ancestry, gender, faith or world view, political opinion, age, physique, sexual orientation, appearance or other personal characteristics'.

Violations of the Code of Conduct may have consequences under labour law. Decisions about this will be made consistently and with a sense of proportion on a case-by-case basis. All employees can report violations of the Code of Conduct to their line manager, the Works Council or - anonymously - to the external whistleblowing hotline.

Progress & goals

We consider our efforts to protect our employees a success in that there have been no reported breaches of the Code of Conduct or any associated proceedings in recent years.

Diversity of governance bodies and employees

We are unable to disclose any information on diversity in supervisory bodies and amongst employees for the year 2020. We are therefore working on a concept for 2021 that will allow us to present the required information.

Ratio of basic salary and remuneration of women to men

By paying all employees according to their employee group, we ensure that pay is determined on a uniform and non-discriminatory basis. Employees can view the remuneration policy on the Intranet. In addition, compliance with the guidelines for pay decisions is regularly reviewed by the HR department to ensure that the guidelines are implemented fairly. In accordance with the German Pay Transparency Act (Entgelttransparenzgesetz), we give employees the opportunity to request information on the distribution of pay for women and men in the same role. Employees can submit their request to the HR department anonymously via the Works Council and will receive the information relevant to them as required by law.

Distribution of pay grades

FIGURES AS A PERCENTAGE	2016	2017	2018	2019	2020
LEVEL 7-5	54	53.6	53	51.4	49.6
WOMEN	56.9	57.5	56.8	56.3	55.7
MEN	43.1	42.5	43.2	43.7	44.3
LEVEL 4	36.7	37.5	37.9	39.9	41.9
WOMEN	54.7	55.1	56	55.8	55.8
MEN	45.3	44.9	44	44.2	44.2
LEVEL 3-2	8.3	8	8	7.7	7.7
WOMEN	39	38.1	35.6	40.5	42.2
MEN	61	61.9	64.4	59.5	57.8
HIGHER PAY GRADES	1	1	1.1	1	0.8
WOMEN	13.6	13	20.8	23.8	22.2
MEN	86.4	87	79.2	76.2	77.8

GRI 406-1

Incidents of discrimination and corrective actions taken

No cases of discrimination were reported within the company during the reporting period.

GRI 103-1/2/3

Management approach for GRI 407, 408, 409, 411, 412, 413, 414

Challenges

Tchibo produces non-food items and coffee and maintains trading relationships with suppliers all over the world. Every year we buy non-food items from approximately 700 producers in Asia and Europe, of which around 250 are manufacturers of textiles, leather goods, shoes and accessories. We source our coffee from hundreds of thousands of small-scale farmers via traders. These international partnerships enable us to offer our customers exciting non-food items, the best coffee and a wide variety of services. At the same time, they also represent a great deal of responsibility for us.

A complete list of Tchibo's textile producers and wet-processing companies can be found in the [Downloads](#) area, under *Supply Chain Transparency*, and on the [Open Apparel Registry](#).

The failure to observe workers' rights and social rights is unfortunately still more often the rule than the exception in many of our producing countries and at many production sites. We want to improve compliance with human rights standards in these places. Our aim is to achieve a balance between the opportunities and risks presented by globalisation for the benefit of all those involved and to include local people in the processes of change. This requires extensive cooperation with companies, non-governmental organisations, trade unions, human rights organisations and local politicians. Tchibo has been forming regional and international alliances for many years in order to ensure that there is a firm foundation on which to build new insights and developments, both locally and within the supply chains.

Strategy & measures

Human rights due diligence is an integral part of our business practices. Our work is founded on the **UN Guiding Principles on Business and Human Rights**, and consequently on the requirements of Germany's **National Action Plan on Business and Human Rights (NAP)**. We are committed to upholding human rights, taking systematic action to prevent human rights violations, and addressing any violations by means of targeted measures and constant improvements.

The principles of human rights due diligence

The National Action Plan (NAP), produced by the German Federal Foreign Office, implements the requirements of the UN Guiding Principles on Business and Human Rights (UNGPs) in Germany. There are five basic elements to the human rights due diligence obligations set out in this document, which we have integrated in our management approach:

1. Policy statements and guidelines
2. Assessment of any specific risks and implications for human rights
3. Implementation and review of measures
4. Introduction of effective grievance mechanisms
5. Transparent reporting

These principles are also set out in the **OECD Guidelines for Multinational Enterprises** and, based on this, are expected to be upheld by members of the Partnership for Sustainable Textiles. Because these principles ought to apply to all companies, we have been **campaigning for a German and European Due Diligence Act** since 2019.

Policy statement and guidelines

Our approach to doing business draws on internationally recognised standards and guidelines. The fundamental principles of these are enshrined in the Tchibo Code of Conduct (CoC), a binding document that serves to guide Tchibo employees in everything they do. Our minimum requirements for working conditions and environmental standards, as defined in the Tchibo Social and Environmental Code of Conduct (SCoC), apply to the producers of our non-food items as well as to our service providers and external partners. They are essentially based on the relevant conventions of the International Labour Organization (ILO), the Universal Declaration of Human Rights and the Tchibo Detox Commitment. All our core business policies are summarised in our policy statement, in line with the NAP and the UN Guiding Principles.

The Tchibo policy statement and other guidelines can be found in the **Downloads** area, under *Tchibo Policies & Commitments* and *Supplier Policies & Guidelines*.

Assessment of any specific risks and implications for human rights (risk management for non-food items)

We continually review our decisions about where we buy from or have our products manufactured, and who we work with. To this end, in 2012 we identified those human rights and workers' rights that are particularly at risk in our non-food supply chains. We took into account the respective industry sector, the stage in the supply chain, the national context and local conditions on the ground. We evaluate how likely it is that a human rights violation will actually occur, how severe the impact on those affected may be, and how easily it can be prevented using Tchibo's influence. This analysis reveals both the specific human rights risks in our supply chains and also leads to guidelines specific to each country and topic.

Specific human rights risks in our non-food supply chains (2012)

SPHERE OF ACTIVITY	STAGE IN THE SUPPLY CHAIN
Health and safety in the workplace	Manufacture, pre-stages, raw materials
Freedom of association and the right to collective bargaining	Manufacture, pre-stages
Living wages	Manufacture, pre-stages, logistics/transport
Discrimination, harassment and violence in the workplace	Manufacture, pre-stages
Forced labour and modern slavery	Pre-stages, raw materials, logistics/transport
Child labour	Pre-stages, raw materials
Working hours	Manufacture, logistics/transport

Every two years, we also assess the general human rights situation in our manufacturing countries based on recognised indices and publications by expert organisations. The results from this analysis inform our purchasing strategy and form the basis for our human rights work in relation to risk management and measures (see paragraph GRI 414).

Implementation and review of measures (non-food items)

We address any specific risks in our supply chains by means of tiered measures. We are gradually designing our products and processes to be more environmentally and socially responsible. Our focus is on those areas where our impact on people is greatest and where we can also have the biggest influence. Our strategy:

Building long-term partnerships with suppliers and producers: This allows our partners to plan with certainty, which in turn provides a stable framework within which to improve conditions throughout the supply chain in the long term. We follow strict selection criteria when deciding which factories to work with to ensure that they meet our quality and sustainability requirements. Compliance with our human rights and environmental policies is ensured through a comprehensive monitoring and audit programme (see the section on GRI 414).

Empowering employees, qualifying factories: Audits are not capable of revealing the full picture of what goes on in factories. They are just a brief snapshot and provide little incentive to initiate lasting change. Our WE programme provides room for manoeuvre, enabling effective improvements to be implemented. It provides support for the manufacturers we work most closely with, enabling them to meet and exceed the requirements of our SCoC. The aim of the WE Programme is to improve working conditions in our supply chains in a lasting and self-sustaining way. It is a dialogue-based programme that runs in factories located in our major producing countries. WE was developed from the specific human rights risks in our non-food supply chains and is based on the standards of the International Labour Organisation (ILO) and international human rights conventions. The programme centres on those areas with the greatest need for improvement in five priority areas:

- 1) Wages and working hours;
- 2) Freedom of association and workers' representatives;
- 3) Discrimination and sexual harassment;
- 4) Health and safety in the workplace;
- 5) Modern slavery and child labour

Establishing social dialogue: Workers' rights can only be secured on a long-term basis if workers are given the opportunity to represent their own interests. Workers' representatives and trade unions are the instruments that enable workers to demand - and monitor - enforcement of their rights in the workplace in the long term. That is why we work in partnership with ***IndustriALL Global Union, an international confederation of trade unions***. In 2016, we entered a Global Framework Agreement relating to our non-food items supply chains (see GRI 407).

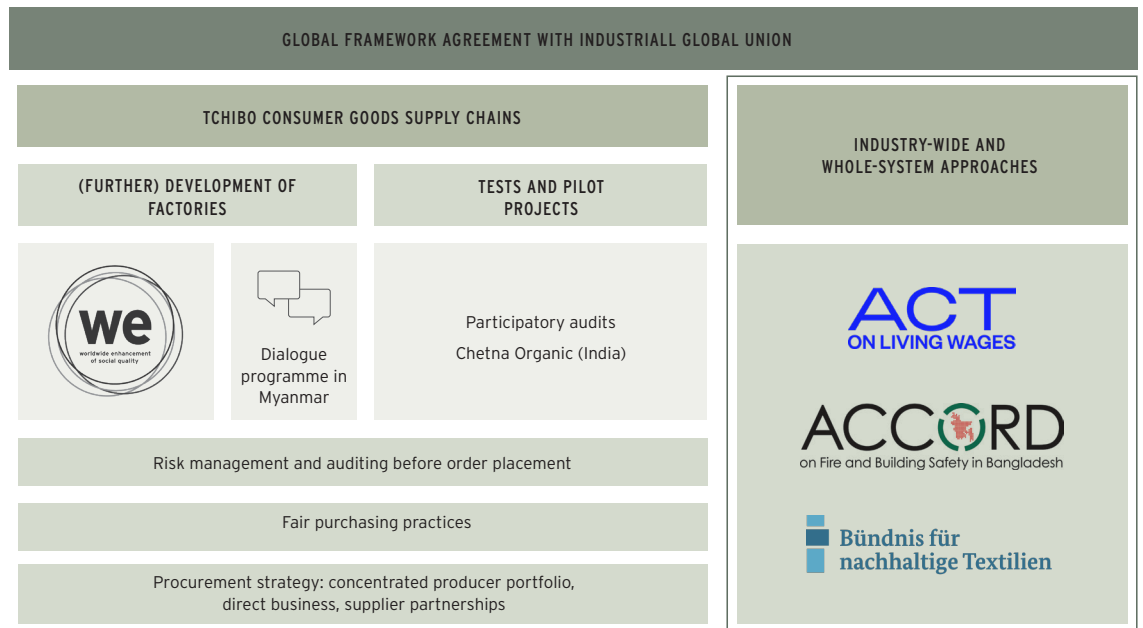
The Global Framework Agreement with IndustriALL can be found in the ***Downloads*** area, under *Tchibo Policies & Commitments*.

Driving change across the industry: Within the sectors we operate in, we are often confronted with systemic challenges such as low wages or unsafe working conditions. These are the areas where we cannot go any further on our own. Instead, what is needed is a coordinated effort by politicians, companies, employers' associations, trade unions and non-governmental organisations - both in Germany and in the producing countries. Since 2013, we have been collaborating with companies and trade unions in Bangladesh under the Accord on Fire and Building Safety (known since 2020 as the Ready-Made Garments Sustainability Council, RSC) with the aim of improving building safety and fire protection in the textile industry in Bangladesh. In order to implement living wages in the textile industry, we have been involved in the ACT on Living Wages initiative since 2016, once again working alongside other businesses and trade unions. We have been a member of the Partnership for Sustainable Textiles multi-stakeholder initiative since 2015. Tchibo co-founded all three initiatives.

Establishing effective grievance mechanisms: Grievance mechanisms are an essential component in ensuring that human rights and environmental protection are firmly embedded in supply chains. They help Tchibo to identify violations of labour and environmental standards and then, at the next stage, to work together with those affected and those responsible to remedy the situation. This must go hand in hand with our other measures.

More information about our management approach, strategies and measures in relation to our human rights due diligence obligations can be found in the 2020 Tchibo Human Rights Report (Non Food).

Implementing human rights in Tchibo consumer goods supply chains



Progress & goals: Management approach

We are working to align our human rights management system even more closely with the UN Guiding Principles on Business and Human Rights - and by extension with the NAP, the OECD Guidelines for Multinational Enterprises and the corresponding reporting requirements.

- Since 2020, we have published a Human Rights Report (Non Food) in addition to our previous reporting formats (Sustainability Report according to GRI Standards, UNGC CoP). The Human Rights Report (Non Food) contains additional information, such as our specific human rights risks, details of our auditing processes and grievance mechanisms and grievance cases. In future, it will be based on the UN Guiding Principles Reporting Framework and include other business divisions. In addition, since 2020 we have been publishing our country-specific risks and specific (non-food) guidelines based on these risks.
- In 2020, we began developing a wide-reaching human rights risk analysis for our supply chains for non-food items and coffee, internal procurement and personnel.
- A catalogue of requirements specifying social and environmental criteria for all agricultural raw materials we use was drawn up in 2020. This agricultural policy will be applied and published from 2021 and will also serve as a guideline for the development of new projects involving farmers.

Progress & goals: GRI 407, 408, 409, 411, 412, 413, 414

Reporting on progress and goals in the areas of freedom of association and collective bargaining (GRI 407), forced or compulsory labour (GRI 409) and social assessment of suppliers (GRI 414) can be found in the respective sub-sections. There are no reportable goals or progress in the areas of child labour (GRI 408), the rights of indigenous peoples (GRI 411), respect for human rights in significant investment agreements and contracts (GRI 412) and local communities (GRI 413).

A more detailed description of the progress and goals in these areas and in relation to the COVID-19 pandemic can be found in the 2020 Tchibo Human Rights Report (Non Food).

Freedom of association and collective bargaining - Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

Operations

Our Code of Conduct applies to all Tchibo employees and operating sites. It explicitly states that human rights and fundamental social standards must be respected, including the right to freedom of association and collective bargaining.

All employees are encouraged to report violations of the Code of Conduct. Tchibo will ensure that this does not have any negative consequences for these and other individuals affected.

There was no increased risk concerning the right to freedom of association and collective bargaining at Tchibo operating sites during the reporting period.

We are not aware of any violations of the right to freedom of association and collective bargaining at Tchibo operating sites during the reporting period.

Coffee suppliers

The right to freedom of association and collective bargaining is one of the universal human rights, is enshrined in the UN International Covenant on Economic, Social and Cultural Rights, and is covered by the core labour standards of the International Labour Organisation (ILO), which apply worldwide. The same applies to the seals which we use to certify our green coffees: Rainforest Alliance, UTZ, Fairtrade.

In most of the countries where we source our green coffee, there is an increased risk of this right being violated.

We are not aware of any violations of the right to freedom of association and collective bargaining at Tchibo coffee suppliers during the reporting period. However, it is likely that this does not reflect the reality.

Suppliers for non-food items

Our Social and Environmental Code of Conduct (SCoC) is contractually binding for all our suppliers, service providers and partners in the non-food sector. It explicitly states that the right to freedom of association and collective bargaining must be respected. Violations of this right constitute a zero-tolerance infringement of our SCoC (see paragraph GRI 414).

The following certifications and standards, which we use for raw materials of non-food items, include the right to freedom of association and collective bargaining: Cotton made in Africa (CmiA), Fairtrade, Forest Stewardship Council® (FSC®), Global Organic Textile Standard (GOTS).

During the reporting period, we received seven grievance complaints through our grievance mechanisms relating to violations of the right to freedom of association; this represents an increase compared to 2019. Of the seven grievances raised, four were incidents in the Tchibo supply chain that we have worked to resolve; two of these have been resolved as of 31 December 2020; we continue to work towards a resolution for the remaining two. For more information, see the chapter on Effective Grievance Mechanisms in the Tchibo Human

Rights Report (Non Food).

In many of the countries where we source our non-food items, there is an increased risk of the right to freedom of association and collective bargaining being violated. We therefore assume that the violations reported through our grievance mechanisms are not isolated cases, but instead represent examples of widespread infringements of workers' rights in this area.

Suppliers for non-food items: Global Framework Agreement with IndustriALL Global Union

That is why, in 2016, Tchibo became the first retail company in Germany to conclude a Global Framework Agreement with IndustriALL Global Union, an international confederation of trade unions. It applies to our non-food supply chains and ensures that workers have the ability to unionise and to engage in collective bargaining beyond our SCoC. We equip the facilitators in our WE programme with the necessary skills to identify problems relating to freedom of association and the right to collective bargaining in factories and to resolve them with those affected. This reinforces the idea of 'freedom of association and workers' representation' in WE.

Suppliers for non-food items: ACT on Living Wages

Together with the German Society for International Cooperation (GIZ), we launched a social dialogue project in Myanmar in 2017, which is part of the pan-regional programme '***Promoting Sustainability in the Textile and Garment Industry in Asia***' (FABRIC) commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ). The programme is partnered with the largest trade union in the country's textile and garment industry, the Industrial Workers Federation Myanmar (IWFMM). All our garment producers in Myanmar are required to participate in the programme.

Suppliers for non-food items: ACT on Living Wages

As part of our membership of ACT on Living Wages, we are promoting the right to collective bargaining and pay negotiations in the textile industry in Bangladesh, Cambodia, Myanmar and Turkey. We want to use our involvement in ACT to achieve regular wage negotiations between trade unions and employers throughout a country's textile industry, combined with better purchasing practices and long-term business relationships for purchasing companies. One fundamental way of doing this is to strengthen trade union rights in the form of freedom of association and the right to collective bargaining, which we are working intensively on with other member companies, IndustriALL Global Union and local trade unions and industry associations. One result of this commitment is the introduction of the ***Myanmar Freedom of Association Guideline***, which was adopted in 2019 and is legally binding for our producers in Myanmar, and an associated grievance and dispute resolution mechanism. They contain requirements and processes for compliance with trade union rights based on the ILO's international labour standards.

Progress & goals

- Because trade unions tend to come under even more pressure in times of crisis, we have worked closely with them since the beginning of the COVID-19 pandemic. In Turkey, Bangladesh and Myanmar - in this case under the auspices of ACT on Living Wages - we discussed the challenges arising from the crisis, the demands they place on purchasing companies and the measures Tchibo has taken in these troubled times. The results have been incorporated into our audits, purchasing practices and grievance resolutions.

- We brought the previous form of our Social Dialogue project in Myanmar to an early end in December 2020 and will be working with a new approach in 2021. We continue to work in partnership with the GIZ on this. Against the background of the massive challenges facing factories and our local project partner IWFM as a result of COVID-19, as well as personnel and strategic constraints, it was no longer possible to continue the project successfully. The reports and recommendations produced as part of the project will be published in 2021.
- Online information and training sessions were held in 2020 to implement the Myanmar Freedom of Association Guideline among suppliers participating in the ACT on Living Wages initiative. All Tchibo producers took part in the information sessions, and the training sessions were attended by three of the seven participants. Further training sessions will be held for all producers in 2021, subject to further developments in the wake of the military coup in Myanmar in February 2021.
- The grievance and dispute resolution mechanism of the Myanmar Freedom of Association Guideline was launched on a trial basis in 2020 and will be rolled out fully in 2021.
- In Bangladesh and Myanmar, action plans were developed and implemented by ACT companies, IndustriALL Global Union and local social partners (trade unions and industry representatives) in the wake of the COVID-19 pandemic. These included protection for workers and trade unions and, in Bangladesh, a robust grievance and dispute resolution mechanism, analogous to the mechanism in Myanmar.

A more detailed description of the progress and goals in this area and in relation to the COVID-19 pandemic can be found in the 2020 Tchibo Human Rights Report (Non Food).

GRI 408-1

Child labour - Operations and suppliers at significant risk for incidents of child labour

Operations

Our Code of Conduct applies to all Tchibo employees and operating sites. It explicitly states that human rights and fundamental social standards must be respected. This also includes the prohibition of child labour. All employees are encouraged to report violations of the Code of Conduct. Tchibo will ensure that this does not have any negative consequences for these employees or for other individuals affected.

There was no increased risk of child labour at Tchibo operating sites during the reporting period.

We are not aware of any violations of the ban on child labour at Tchibo operating sites during the reporting period.

Coffee suppliers

The ban on child labour is one of the universal human rights, is enshrined in the UN International Covenant on Economic, Social and Cultural Rights, and is covered by the core labour standards of the International Labour Organisation (ILO), which apply worldwide. The same applies to the following seals, which we use to certify our green coffees: Rainforest Alliance, UTZ, Fairtrade.

In most of the countries where we source our green coffee, there is an increased to high risk of child labour. This applies in particular to the agricultural sector, which also includes coffee production.

Since we are unable to inspect every production site and every coffee farm ourselves, we work with our partners as part of Tchibo Joint Forces!® to develop regional projects that take a proactive approach to combating child labour: Since 2011, we have been working alongside our local partner Coffee Care to run daycare centres in Guatemala during the harvest season. The coffee harvest is seasonal and is often carried out by migrant workers. They leave their homes for several months to do this, bringing their families with them. Although children are not usually employed as labourers in the harvest, they follow their parents into the fields or take on family-related work. It is for the same reason that we have been setting up daycare centres in Honduras during harvest season together with our partner Fairtrade since 2019. Fairtrade is invaluable to the project because of its local structures. In Tanzania, we founded so-called Coffee Clubs in 2017. Here, the children of coffee farmers are given access to parts of their parents' farm and, once they have finished their daily schooling, they are taught about productive and sustainable coffee farming, including irrigation and environmental protection methods, for example. This gives parents a stronger incentive to keep their children in education for longer and not to put them to work in their fields at an early age or for the majority of the time. There are currently 378 young people (238 boys and 140 girls) taking part in the Coffee Clubs.

More information can be found on our topic pages on [Guatemala](#) and [Tanzania](#) and on the [Fairtrade website](#).

We are not aware of any substantiated violations of the ban on child labour at Tchibo coffee suppliers during the reporting period. However, it is likely that this does not reflect the reality.

Suppliers for non-food items

Our Social and Environmental Code of Conduct (SCoC) is contractually binding for all our suppliers, service providers and partners in the non-food sector. It explicitly states that Tchibo does not tolerate child labour and specifies restrictions and conditions under which young people may be employed. Any violations of this constitute a zero-tolerance infringement of our SCoC. We verify compliance with these requirements in all quality audits as well as social and environmental audits (see GRI 414).

The following certifications and standards, which we use for raw materials for non-food items, include the ban on child labour: Cotton made in Africa (CmiA), Fairtrade, Forest Stewardship Council® (FSC®), Global Organic Textile Standard (GOTS), Organic Cotton Standard (OCS).

If a business partner or its suppliers are found to be using child labour, an improvement plan must be implemented to ensure the long-term protection of the child and its family through remedial action. Such a process is closely overseen by Tchibo.

In many of the countries where we source our non-food items, there is an increased risk of child labour. This is especially true for the lower levels of the supply chain, in other words in the production of intermediate products and raw materials.

Our policy for dealing with child labour and potential risks that may encourage child labour can be found in the [Downloads](#) area, under *Tchibo Policies & Commitments* and *Supplier Policies & Guidelines*.

We counter the risk directly and indirectly with a range of preventive measures. In addition to strict auditing in all our audit processes, we are also committed to long-term partnerships with suppliers and producers. This allows our partners to plan with certainty, which in turn provides a stable framework which does not incentivise the use of child labour.

One of the five focus areas of our WE programme is 'Modern slavery and child labour'. Thanks to the programme's many years of experience working with factories, our WE facilitators are able to identify child labour, even if it has not been exposed by an audit.

Through our Global Framework Agreement with IndustriALL Global Union (see GRI 407), we support trade unions in our supply chains, which in turn mandate and monitor compliance with human and workers' rights in the workplace. We have also established multiple grievance channels, by means of which the individuals affected, other employees and third parties can report any violations of workers' rights to Tchibo (see Management Approach for GRI 407-414).

We are not aware of any substantiated violations of the ban on child labour at Tchibo non-food suppliers during the reporting period.

GRI 409-1

Forced or compulsory labour - Operations and suppliers at significant risk for incidents of forced or compulsory labour

Operations

Our Code of Conduct applies to all Tchibo employees and operating sites. It explicitly states that human rights and fundamental social standards must be respected, including the ban on forced labour. All employees are encouraged to report violations of the Code of Conduct. Tchibo will ensure that this does not have any negative consequences for these employees or for other individuals affected.

There was no increased risk relating to forced labour at Tchibo operating sites during the reporting period.

We are not aware of any violations of the ban on forced labour at Tchibo operating sites during the reporting period.

Coffee suppliers

The ban on forced labour is one of the universal human rights, is enshrined in the UN International Covenant on Economic, Social and Cultural Rights, and is covered by the core labour standards of the International Labour Organisation (ILO), which apply worldwide. The same applies to the following labels, which we use to certify our green coffees: Rainforest Alliance, UTZ, Fairtrade.

In the areas where we source our green coffee that are dominated by small-scale farming, there is no increased risk of forced labour. On large farms, however, there is an increased risk of forms of modern slavery, such as bonded labour.

We are not aware of any substantiated violations of the ban on forced labour at Tchibo coffee suppliers during the reporting period. However, it is likely that this does not reflect the reality.

Suppliers for non-food items

Our Social and Environmental Code of Conduct (SCoC) is contractually binding for all our suppliers, service providers and partners in the non-food sector. It explicitly states that Tchibo does not tolerate any practices

that constitute modern slavery, and this includes forced labour. Any violations of this constitute a zero-tolerance infringement of our SCoC. We verify compliance with these requirements in all quality audits as well as social and environmental audits (see GRI 414).

The following certifications and standards, which we use for raw materials for non-food items, include the ban on forced labour: Cotton made in Africa (CmiA), Fairtrade, Forest Stewardship Council® (FSC®), Global Organic Textile Standard (GOTS), Organic Cotton Standard (OCS).

In some countries, regions and sectors and at certain processing stages of our non-food items, there is an increased risk of forms of modern slavery. This is especially true for the lower levels of the supply chain, in other words in the production of intermediate products and raw materials.

Our specific risks for forms of modern slavery and corresponding instructions for action to be taken can be found in the **[Downloads](#)** area, under *Tchibo Policies & Commitments* and *Supplier Policies & Guidelines*.

We are not aware of any substantiated violations of the ban on modern slavery at Tchibo non-food suppliers during the reporting period. However, it is likely that this does not reflect the reality.

Recognising and preventing forced labour

We counter the risk directly and indirectly with a range of preventive measures. In addition to strict auditing in all our audit processes, we are also committed to long-term partnerships with suppliers and producers. This allows our partners to plan with certainty, which in turn provides a stable framework which does not incentivise the use of modern slavery. One of the five focus areas of our WE programme is 'Modern slavery and child labour'. Thanks to the programme's many years of experience working with factories, our WE facilitators are able to identify forced labour, even if it has not been exposed by an audit. Through our Global Framework Agreement with IndustriALL Global Union (see GRI 407), we support trade unions in our supply chains, which in turn mandate and monitor compliance with human and workers' rights in the workplace. We have also established multiple grievance channels, by means of which the individuals affected, other employees and third parties can report any violations of workers' rights to Tchibo (see Management Approach for GRI 407-414).

Partnership for Sustainable Textiles: Tamil Nadu Partnership Initiative

Under the Tamil Nadu Partnership Initiative of the Partnership for Sustainable Textiles, we actively engage with non-governmental organisations and other companies to combat the form of modern slavery known as 'Sumangali' that is practised in spinning mills in the southern Indian state of Tamil Nadu. Details of the 'Tamil Nadu' Partnership Initiative can be found **[here](#)**.

India: Global Fund to End Modern Slavery

The auditing company Elevate audits production capacity in factories in addition to assessing their compliance with social and environmental criteria as part of a project launched by the **[Global Fund to End Modern Slavery](#)**. The aim of this is to eliminate the possibility of production being outsourced to unknown, unaudited production sites where the risk of encountering forms of forced labour and modern slavery is higher. We will be conducting a pilot with three suppliers in India in 2021 to test this approach.

A more detailed description of the progress and goals in this area and in relation to the COVID-19 pandemic can be found in the 2020 Tchibo Human Rights Report (Non Food).

GRI 411-1

Rights of indigenous peoples - Incidents of violations involving rights of indigenous peoples

We are not aware of any substantiated violations of the rights of indigenous peoples at or by Tchibo operating sites, or at or by our suppliers of green coffee and non-food items, during the reporting period.

For more information on upholding the rights of indigenous peoples, see GRI 414.

GRI 412-3

Human rights assessment - Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

Our Social and Environmental Code of Conduct (SCoC) is contractually binding for all our suppliers, service providers and partners in the non-food sector. It includes all human and workers' rights relevant to our sectors, as well as related international conventions.

GRI 413-1

Local communities - Operations with local community engagement, impact assessments and development programmes

There were no company-owned operating sites with a specific negative impact on local communities during the reporting period. Accordingly, there were no significant programmes for their involvement or support.

Coffee suppliers

We champion coffee farmers in our supply chains through stewardship projects and industry-specific activities. We support them as they make the gradual transition from conventional coffee farming to environmentally and socially sustainable and economically viable coffee farming, implementing measures that are tailored to their specific challenges. These include training sessions, educational programmes for the whole family, access to infrastructure and the development of long-term supplier relationships. Our Tchibo Joint Forces!® qualification programme, for example, involves collaboration with green coffee exporters, green coffee traders, agronomists, international standards organisations, governmental and non-governmental organisations. Since the programme was launched in 2009, we have helped around 42,200 coffee farmers in Brazil, Ethiopia, Honduras, Kenya, Colombia, Papua New Guinea, Tanzania, Guatemala and Vietnam with the Tchibo Joint Forces!® programme.

In 2017, we launched three new Tchibo Joint Forces!® projects in Guatemala, Honduras and Tanzania. We source sustainable, high-quality green coffee from these regions, for example for our private coffees. We work with non-governmental organisations, standards organisations and traders on these projects. Our aim with these projects is to help make coffee farming sustainable and profitable for the farmers in the long term, so that they and their families can improve their living conditions and we can guarantee the quality of our green coffee.

Supplier social assessment

Suppliers for non-food items: Risk management and auditing

Every two years, we assess the human rights situation in our manufacturing countries based on recognised indices and publications by expert organisations. The results from this analysis are used to group countries into four categories, which in turn indicate the degree of scrutiny required of producers:

- 1) Low risk: no audit required
- 2) Risk: one-day social and environmental audit required (sometimes carried out as part of a quality audit if auditors have the necessary expertise)
- 3) High risk: two-day social and environmental audits, carried out by an external auditor
- 4) No purchasing permitted

The risk assessment for our producing countries and the resulting guidelines (Social and Environmental Country Risks and Policies) can be found in the [Downloads](#) area, under *Tchibo Policies & Commitments*.

Suppliers for non-food items: Auditing

We conduct social and environmental audits to verify compliance with the standards set out in the contractually binding Tchibo Social and Environmental Code of Conduct (SCoC). New factories are usually audited before a contract is signed with the supplier. The outcome of the audit determines the purchasing decision: Only those that meet the minimum requirements are included in our portfolio. Any zero-tolerance violations must be rectified before any orders can be placed with the producer. These include, for example, obstruction of emergency exits, failure to provide employment contracts, payment below the legal minimum wage, or discharge of chemicals into the groundwater. In the case of any other violations - such as workers failing to wear the protective clothing provided, missing information in employment contracts, late payments or a lack of safety labelling on chemicals - we give producers more time to rectify them. Orders can be placed once suppliers have submitted their plans for improvement.

We use our WE dialogue programme and our Global Framework Agreement with IndustriALL to assist in the improvement of working conditions at factories we regularly work with. Those producers who are not covered by our WE programme are audited every three years. These factories are given a period of four weeks to rectify zero-tolerance shortcomings. If this deadline is not met, the producer will be suspended. They will not receive any new orders until the shortcomings have been remedied. This sends a clear message that the violations found are unacceptable, whilst at the same time giving our existing business partners time to address them. If we did not do this, we would run the risk of factories concealing shortcomings; at the same time, we see it as our responsibility not to be too hasty when there are jobs and workers' incomes at stake that may be dependent on Tchibo.

Producers need considerable resources for the audits performed by their customers. This leaves very little time for them to look after the needs of their own employees. We therefore also accept audit results from independent standard organisations, which producers can submit themselves. BSCI, WRAP, SMETA 4-pillar audit, SA8000 with ISO. However, these must cover all the issues that we have categorised as zero-tolerance deficiencies with respect to our SCoC. Where appropriate, we still check specific aspects of our zero-tolerance requirements. Where we have trading partnerships with other reputable brands, we do not carry out our own audits if the producers can prove that they have their own programme for compliance with human rights and environmental standards.

A complete list of Tchibo's textile producers and wet-processing companies can be found in the [Downloads](#) area, under *Supply Chain Transparency*, and on the [Open Apparel Registry](#).

Effective grievance mechanisms (non-food items)

Grievance mechanisms are important to ensure that human rights and environmental protection are firmly embedded in supply chains. They help us to identify violations of labour and environmental standards and to work together with those affected and those responsible to remedy the situation. Tchibo has established a system consisting of multiple grievance channels, which is intended to allow as many people as possible to report grievances. Grievances are logged and investigated by a designated Tchibo employee, whenever possible together with members of the local WE programme. We often enlist the help of external and independent expert organisations for the investigation. This is used as the basis for an action plan, which is drawn up in collaboration with the relevant Tchibo departments, such as Purchasing. We do everything we can to resolve grievances by working together with those affected and those who have caused them. The results are then used to inform our supply chain programmes, training courses and business processes. The following grievance channels exist: direct grievances at Tchibo, WE programme, trade unions (Global Framework Agreement), Bangladesh Accord, whistleblowing for Tchibo employees and business partners.

Progress & goals

- In response to the COVID-19 pandemic, our suppliers were all asked in May 2020 to respect the contractual rights and wage entitlements of their employees, their human rights and trade union rights. Our WE programme has enabled us to track compliance in these extraordinary circumstances, and continues to do so. The majority of those working for our direct suppliers have received their wages in full and are still employed. We did not find any discrimination or exploitation in any of these companies. However, one of our textile producers in Bangladesh had to close due to economic difficulties, while two others reduced their workforce by about 30% in each case. In all cases, wages and compensation were paid in full.
- We have adjusted our auditing processes during the COVID-19 pandemic. In order not to put anyone in danger and to reduce the pressure on suppliers, we postponed the audit dates after consulting with these companies. This is a departure from our standard processes and, if necessary, we are now also placing orders for goods without having received audit results or we are accepting audit certificates that we otherwise would not recognise, such as BSCI in Bangladesh or the SMETA 2-pillar audit.
- In order to continue to avoid having to conduct duplicate audits, we have added the Business Social Compliance Initiative (BSCI) to our membership of the sustainable trade association amfori.
- Since 2019, we have been developing a tool that combines WE's dialogue approach with auditing in a shorter, end-to-end process for producers: the 'participatory audit'. In 2020, we conducted one test audit in Bangladesh and three in China, following which the factories continue to work on improvements. Generally speaking, the experience was so good that we are planning further participatory audits in 2021, with a few modifications to the process.
- A list of the grievance cases in Tchibo supply chains for non-food items in 2020 can be found in the 2020 Human Rights Report (Non Food).

A more detailed description of the progress and goals in this area and in relation to the COVID-19 pandemic can be found in the 2020 Tchibo Human Rights Report (Non Food).

Management approach for GRI 415**Challenges**

These days, companies take more responsibility for the way in which their goods and products are manufactured and for the impact this has on people and on the environment. Nevertheless, human rights and environmental protection are still under threat in most producing countries even today and are still a long way from becoming something that can be taken for granted. From years of experience on the ground, we know that it is not enough for individual companies to make a voluntary commitment. This approach has reached its limits in view of the complexity of the challenges. As a result, good measures taken by companies, both collectively and individually, fail because a critical mass of partners is not reached or because organisational and financial burdens cannot be shared. Fairness is also a cost issue and still represents a competitive disadvantage for companies. Within this context, tangible benefits are needed to improve the way we do business: corporate responsibility must no longer be an option, but rather the rule.

Measures & strategies

In 2019, Tchibo began campaigning for legislation on human rights in supply chains. Our aim is to spark a debate in the political and business communities about how businesses can be compelled to implement human rights due diligence and, where appropriate, environmental due diligence with their suppliers. In doing so, we are building on the National Action Plan on Business and Human Rights (NAP) in Germany, which was launched in 2016. In the coalition agreement for the 19th legislative period, the parties of the Federal Government stipulated that they would work to ensure consistent, voluntary implementation of the NAP and, in the event of inadequate implementation, to initiate statutory regulation.

We foresee great opportunities for people and for companies, should all market players be held to the same standards of corporate responsibility. As envisaged in the NAP, the United Nations Guiding Principles on Business and Human Rights (UNGP) provide the best basis for this. The challenges described above are complex, and companies are at very different stages of development in their responses to these challenges or have not yet implemented any measures. In our experience, three basic principles are crucial to distributing the burden created by legislation equitably, while at the same time promoting systemic progress in the producing countries:

Good regulation must be focused on impact. In addition to existing transparency and reporting requirements, companies should be obliged to introduce management systems that bring about long-term and sustainable improvements in production conditions and impacts.

Taking responsibility drives innovation and performance. A regulatory framework should leave enough room for this and acknowledge individual responsibility, such as voluntary commitments. This takes into account companies' different business models as well as their size, performance and industry specifics.

Regulation should both demand and encourage sector-wide cooperation. This enables the burden to be shared and the impact to be amplified. At the same time, it will also stimulate learning between companies and, ideally, engage the groups affected.

Progress & goals

- We have taken part in two public campaigns by the Business and Human Rights Resource Centre on this issue (*December 2019, September 2020*), published two position papers (*January 2020, January 2021*) and participated in numerous meetings to discuss the issue, including a hearing by the Bundestag Committee on Human Rights and Humanitarian Aid on 'Human Rights and Business' in October 2020.
- In 2021, we want to continue to help ensure that policymakers and companies have an honest and results-orientated debate about why respect for human rights and environmental protection should be mandatory in supply chains and how this should be done. We will focus on Germany and Europe. We will promote public and internal platforms to achieve this.

GRI 415-1

Political contributions

No financial contributions or benefits in kind were made to political parties or similar institutions in the reporting period.

GRI 416

Customer health and safety

GRI 103-1/2/3

Management approach for GRI 416

Challenges

At Tchibo, we produce and sell a wide range of products: from coffee to textiles to household goods. This involves production steps in many countries where the standards regarding the use of chemicals, for example, are not as strictly regulated as in Germany. Despite or precisely because of these difficulties, our top priority is to ensure premium product quality, maximum safety and unrestricted consumer protection. Our customers should be able to rely on our coffees to deliver the best aroma and taste, as well as on the safety and durability of our innovative non-food items.

Measures & strategies

To ensure the safety and harmlessness of our products, we always produce according to consistent and strict standards. We consider legal requirements to be minimum requirements, and we go far beyond them in many ways. We test the strict quality specifications of our products both ourselves and with the support of independent, accredited external institutes.

We set clear requirements for the safety, functionality, workmanship and material of our products. Our Tchibo Social and Environmental Code of Conduct (SCoC) also prescribes social and environmental standards for their production - because the Tchibo quality promise applies not only to the product characteristics, but also to the manufacturing conditions.

The Tchibo quality management process comprises the following four steps: product development, quality development, quality assurance and ensuring customer information compliance. It therefore covers the entire production and supply chain.

For example, our dedicated coffee experts are on site in the growing countries to verify the quality of the

green coffee. Following transportation and before roasting in Germany, we subject the beans to another quality check. All our roasting facilities comply with International Food Standards (IFS 6). They guarantee strict hygiene standards and comprehensive documentation of the entire roasting process.

We also guarantee the safety of the materials used in our coffee packaging.

For our non-food items, quality inspectors are involved right from the development stage of new products and guarantee product safety. Regular inspection of the manufacturing process by means of product samples and site visits to the production facilities are indispensable for quality development. Our packaging is made of recyclable materials and of course meets consumer protection requirements, for example with regard to safety features for toys.

All non-food items are subjected to a final incoming goods inspection according to the 'Acceptable Quality Level' (AQL) method. This ensures that all quality requirements have been implemented and that the goods sold to the customer are free of defects. The final inspection is carried out in an inspection centre in the respective producing country before shipment or on delivery to the main warehouse in Bremen - or in both countries, depending on the product.

Detailed product information and operating instructions are supplied with all our products and are also available in our online shop. Of course, we also observe the relevant standards for the structure and comprehensibility of instruction manuals for non-food items.

Throughout our supply chains, we implement the EU REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulation, one of the most comprehensive regulations to date on the registration, authorisation and restriction of hazardous chemicals. Implementing REACH requires a general rethink and a major commitment from all the stakeholders in the supply chain. We started pushing for implementation of the regulation early on. We are working to find new and REACH-compliant solutions for ourselves, our suppliers and of course our customers. As a matter of principle, we contractually exclude chemicals restricted under REACH in our non-food items. We therefore have them tested regularly in independent laboratories. These include, for example, the 'substances of very high concern' (SVHC) on the REACH candidate list.

If, despite our high standards, something does not work or a product does not meet our customers' expectations, we help to implement warranty and complaint claims and take an accommodating approach.

GRI 416-2

Incidents of non-compliance concerning the health and safety impacts of products and services

None of the incidents mentioned occurred at Tchibo during the reporting period.

Marketing and labelling

Management approach for GRI 417

Our guiding principles for sustainability communication are honesty, equality, credibility or provability and transparency.

Honesty is essential for change: We need the courage to address grievances, to question what we have learned, to welcome innovations and not to turn a blind eye to difficult issues such as child labour and water pollution. If we want to evolve, we need to communicate our successes and our advances in understanding, and we need to develop tools to document the change in our system. We reject greenwashing in any form because any downplaying of the issues will stand in the way of genuine change.

The Tchibo Code of Conduct (CoC) forms the basis for our corporate communication - both internally and externally. It compels us to be honest, fair and respectful. We are committed to the values that are recognised and observed in liberal democracies and respect the personal dignity and privacy of all people, regardless of their ethnic origin, skin colour, nationality, ancestry, gender, age, religion, physique, sexual orientation or world view, political affiliation, appearance or other personal characteristics.

We also integrate the following international standards and guidelines into our communication work:

- the United Nations (UN) Declaration on Human Rights,
- the UN Convention on the Rights of the Child,
- the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises,
- the fundamental conventions of the International Labour Organisation (ILO) and
- the United Nations Guiding Principles on Business and Human Rights.

We also draw clear frameworks for corporate communications from our own strategic and political stances (see position paper section). For example, we pay careful attention to compliance with our animal welfare criteria in the production of our non-food products. This attitude is also reflected in the choice of text and images in all areas of corporate communication. As another example, we ensure strict observance of data protection and fairness towards people from our supply chains in the production of all communication tools.

GRI 417-1

Requirements for product and service information and labelling

We make sure that products are correctly labelled with environmental or social product seals and standards at all times, based on our strict monitoring and certification management process.

We try to keep the amount of information as streamlined and customer-friendly as possible: The information about the positive and negative economic, environmental and social effects that is necessary when deciding whether to buy a product is briefly summarised on the packaging. Further information is available on flyers in our shops, for example. We go into more depth on our website, where we aim to answer any questions our clients may have through direct dialogue.

By providing transparent information about the material used in our products and information about how to use and dispose of them correctly, we enable our customers to make informed purchasing decisions. We also include information about the environmental impact of our sustainable materials in our relevant customer communication channels, ensuring it is as easy to understand as possible.

GRI 417-2

Incidents of non-compliance concerning product and service information and labelling

In the 2020 reporting year, there were only isolated violations at Tchibo relating to information about products and services and labelling. The violations related to labelling, claims and illustrations and were remedied promptly.

GRI 417-3

Incidents of non-compliance concerning marketing communications

In the 2020 reporting year, there were isolated violations at Tchibo relating to marketing and communication. The violations related to labelling, claims and illustrations and were remedied promptly.

Customer privacy

Management approach for GRI 418

Challenges

Delivering an outstanding shopping experience for our customers requires the support of IT systems that store and process data and information. It also requires the support of IT systems used for human resources management and for our internal administrative processes.

Our goal is therefore to ensure that data has the best possible protection against misuse. This includes personal data, as well as our trade secrets and strategies, contracts, invoices, planning and reporting data.

Measures & goals

Handling sensitive data in accordance with legal requirements forms an important part of our corporate responsibility. As a matter of principle, Tchibo treats all personal data confidentially and complies with the applicable legal requirements. Our security standards are aimed in particular at preventing unlawful access to and use of data by unauthorised parties.

Legal compliance, fair conduct and honesty in the way we handle the data of our customers, employees, applicants and other data subjects are implemented through efficient corporate structures and procedures for compliance, data protection and risk management.

The EU General Data Protection Regulation (GDPR) sets strict rules for companies and grants authorities powers over the handling of personal data. Data protection is therefore a management issue that is integrated into all relevant corporate processes at Tchibo. The data protection responsibilities are clearly defined.

The internal data protection officer is responsible for raising awareness and providing advice on all matters relating to data protection. The external company data protection officer takes on the legal duties. Responsibility for implementing legal and internal data protection and information security requirements **lies directly with individual departments and foreign subsidiaries.**

This means that:

each and every employee shares responsibility for compliance with data protection laws. Compulsory training courses on this topic are held regularly for all staff members.

If personal data is collected and processed, Tchibo complies with extensive reporting obligations. Data subjects (customers, employees, applicants, etc.) are given the opportunity to make their own decision about the disclosure and use of their data with full knowledge of all the circumstances. The information is made available to data subjects in a transparent, understandable and easily accessible form and in clear and simple language.

In the case of projects affecting data protection and requiring the transfer of data to or the processing of data by service providers, individual departments are obliged to involve the data protection officer and to sign corresponding contracts.

The security of our IT systems is also essential for effective data protection.

It protects information and systems from a wide range of threats, from simple operating errors to hardware defects and cyber attacks. The information security management system (ISMS) required for this is based on the nationally and internationally recognised standards ISO 27001, BSI Grundschutz and the NIST-SP-800 series, and is constantly being further developed in the area of IT governance.

In the event of any acute data or information security threats or breaches, these are reported directly to the responsible IT governance and data protection department. If necessary, this is followed by the involvement of supervisory authorities, crisis management teams and/or the executive board.

A variety of coordinated technical and organisational measures are used to ensure information security at Tchibo. Technical measures include multi-level detection of malware or encryption of data and transmission paths, for example. We also bring in specialist service providers, for example to defend against cyber attacks or to monitor and respond to new threats. Organisational measures include guidelines, standards, works agreements and work instructions.

The interplay of various measures in particular is crucial to achieving an appropriate level of security. For example, technical security measures go hand in hand with the creation and communication of guidelines or regular checks.

GRI 418-1

Substantiated complaints concerning breaches of customer privacy and losses of customer data

We did not identify any significant data protection violations during the reporting period in 2020. Minor and isolated data protection breaches have occurred. These were corrected with measures to raise awareness, for example.

Management approach for GRI 419**Challenges**

At Tchibo, legally compliant conduct is ensured at all levels within the company. This is rooted in the Tchibo Code of Conduct (CoC), which we updated in 2017. It is binding for all employees of Tchibo GmbH and its national subsidiaries and governs interactions with business partners and customers. The CoC draws on the core labour standards of the International Labour Organisation (ILO), among other things, as well as on international guidelines such as those of the OECD and the United Nations Guiding Principles on Business and Human Rights, and prohibits any form of corruption, for example, as well as the granting or acceptance of advantages. Any employee who violates one of these principles may be subject to sanctions under labour law.

We provide our management staff with regular training on how to apply the Code of Conduct. Managers also regularly confirm in writing that they have understood and complied with the rules of the CoC and have reported any violations that have come to their attention. In addition, by providing their signature they confirm that they have explained the CoC to their employees and that they monitor compliance with the CoC. All new employees are given a copy of the CoC.

Compliance with internal and external requirements is assessed by maxingvest ag's Group Internal Audit Department via internal audits. We provide employees, suppliers and customers with the opportunity to report any suspected misconduct by telephone via an anonymous contact facility operated by an independent body (whistleblowing).

Any information received is referred to the Compliance Committee as an internal investigative body. The Compliance Committee consists of various divisional heads of maxingvest ag and Tchibo GmbH as well as the chairman of the Works Council. Grievances can also be reported via the Works Council, the Human Resources Department, the Legal Department, the Corporate Responsibility Directorate and the Group Internal Audit Department.

The Tchibo Code of Conduct (CoC) can be found in the **[Downloads](#)** area, under *Tchibo Policies & Commitments*.

Measures

We are now restructuring the company's numerous compliance activities carried out to date within a compliance management system (CMS) that is based on the PS 980 standard of the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). The compliance officer is responsible for the organisation of the CMS. They develop Group-wide standards and guidelines, oversee measures and processes within the various divisions of the company, and provide them with advice.

Our CMS is divided into seven interdependent core elements: compliance culture, compliance goals, compliance risks, compliance programme, compliance organisation, compliance communication, compliance monitoring and compliance improvement. Our CMS creates a solid framework for ensuring that ethically responsible and lawful practices are implemented throughout the Tchibo Group. The compliance programme - as part of the CMS - encompasses principles and measures designed to reduce compliance risks. It is therefore made up of the following components: preventative measures (regulations and awareness-raising), monitoring of compliant behaviour, response to misconduct and continuous improvement of the system, for example following on from self-assessments. Integration into the company's processes is a key aspect of this.

Our business is vulnerable to a variety of risks, such as currency fluctuations and environmental events that can affect commodity prices. As part of our holistic risk management system, we identify these dangers and mitigate them by implementing effective preventive measures. We draw a fundamental distinction here between business risks and supply chain risks. We assess all significant risks as part of our risk inventories. This also includes compliance risks that can emerge as a result of failure to comply with legal requirements.

We sort risks into risk clusters, broken down into three categories: short-term operational risks, functional risks and strategic risks. Further distinctions are made within these categories. Acute risks are reported to the Executive Board immediately as they arise in order to bring potential dangers under control swiftly. Up-to-date information on risk developments is fed into Tchibo's management and planning systems several times a year. The internal audit department continuously reviews the effectiveness of risk management. It keeps the Executive Board and the Supervisory Board informed about the current risk situation by submitting regular reports. These reports are taken into consideration in the risk-orientated audit planning carried out by the Group Internal Audit Department. Information about any threats is passed on to these bodies immediately.

To guard against risks in procurement, we are integrating social and environmental requirements into our purchasing and quality processes. This enables us to gradually reduce the number of our suppliers of non-food items, develop the remaining suppliers to become strategic partners and support them with the WE (Worldwide Enhancement of Social Quality) qualification programme. We continuously analyse the concerns raised by our stakeholders in the framework of our issues management process. In 2014, we decided to integrate the Greenpeace standards underpinning the Detox Commitment into our purchasing and quality processes. Moreover, we consistently monitor our suppliers as part of our risk management.

The compliance risks identified and assessed as part of the risk analysis are prioritised according to the top risks and form the framework for the Tchibo compliance management system. This provides the basis for our activities, such as training, processes and internal procedures. In addition, the compliance risks identified form the basis for the ongoing development of our compliance programme.

GRI 419-1

Non-compliance with laws and regulations in the social and economic area

No significant fines were imposed during the reporting period.

