



# SUPPLIER & FACTORY HANDBOOK

SOCIAL & ENVIRONMENTAL AUDIT  
PROGRAM



# TABLE OF CONTENTS

|   |           |
|---|-----------|
| <b>1. Introduction.....</b>                       | <b>03</b> |
| 1.1 Reason Why.....                               | 03        |
| 1.2 Objectives.....                               | 03        |
| 1.3 Scope.....                                    | 04        |
| <b>2. Requirements.....</b>                       | <b>05</b> |
| 2.1 Supplier Code of Conduct (SCoC) .....         | 05        |
| <b>3. Social Monitoring Approach.....</b>         | <b>06</b> |
| 3.1 Factory Monitoring in CBX.....                | 06        |
| 3.2 Tchibo Audits.....                            | 07        |
| 3.3 External Certificates and Audit Programs..... | 08        |
| 3.4 Audit Results & Consequences.....             | 09        |
| 3.5 SCoC Requirements.....                        | 10        |
| 3.6 Exceptional Processes.....                    | 21        |
| <b>4. Collaborative Change Action (CCA).....</b>  | <b>22</b> |
| <b>5. WE Program.....</b>                         | <b>23</b> |
| <b>6. Getting Started.....</b>                    | <b>24</b> |
| <b>7. Appendix.....</b>                           | <b>26</b> |
| 7.1 Exceptional Processes.....                    | 26        |
| 7.2 Self-Assessment Questionnaire.....            | 32        |

# 1. INTRODUCTION

Respecting human rights is non-negotiable for Tchibo. For this, we need our suppliers and factories to jointly take action!

## 1.1 REASON WHY

Consumers today do not only demand products which meet their price and quality expectations. Having been sensitized by public campaigns, television reports and newspaper articles on labour conditions and environmental pollution in production markets, they expect their products to be produced under socially and environmentally responsible conditions. In their opinion, retailers and suppliers are jointly responsible for ensuring this.

Next to that, Due Diligence has long gained attention on political agendas. From 2023, large companies in Germany are obliged to identify risks of human rights violations and environmental destruction along their supply chain and take corrective countermeasures. This will equally involve Tchibo as a brand and the suppliers that produce for Tchibo.

We at Tchibo take this responsibility very seriously. This is why we are dedicated to continuously work towards healthy and decent working conditions and environmentally friendly production of our articles and support our suppliers in continually improving production conditions. Thus, human rights due diligence is an integral part of our business practices. Our work is based on the UN Guiding Principles on Business and Human Rights and the **German Supply Chain Due Diligence Act (LkSG)**. We are committed to upholding human rights, taking systematic action to prevent violations, and addressing any violations by means of targeted measures and constant improvements.



Tchibo Human Rights Report (Non Food) 2021



German Supply Chain Due Diligence Law (LkSG)

## 1.2 OBJECTIVES

Human rights due diligence is an integral part of Tchibo's business practices. For this, retailers, suppliers and factories must work closely together and take joint action. **The purpose of this handbook is to create a common understanding of Tchibo's human rights due diligence and monitoring practices and support suppliers and factories on their journey towards fair and ethical treatment of all workers.** For this, we ask you to read this handbook carefully, follow the indicated recommendations and share it with all your business partners!

As we are all part of a complex value chain, many different actors are needed to generate a bigger impact!

When reading this handbook, keep the following in mind:

To Do:

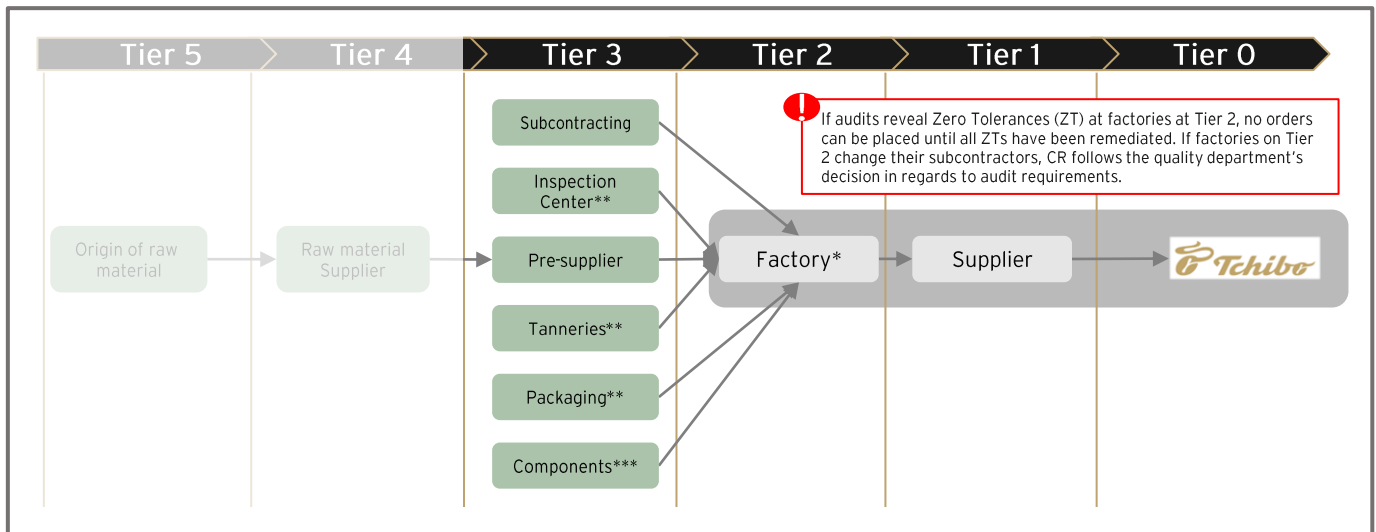


Supplier

- ✓ Be open to new ideas and ways of solving challenges
- ✓ Your efforts contribute to the creation of safe, healthy, and fair working conditions around the world
- ✓ Use the included links for further or more detailed information and screen additional guidelines, best practices etc.
- ✓ Get in contact with Tchibo ([scoc@tchibo.de](mailto:scoc@tchibo.de)) in case of any unsolved issues or in case of needed assistance

### 1.3 SCOPE

We at Tchibo strive to include many different actors along our supply chain in our monitoring practices to create the greatest transparency and traceability. This is the reason why our handbook applies to our direct business partners, but also to actors further down the value chain (Tier 3).



● Contractual relationship

\*Factory = producer that actually manufactures the goods (not only packaging/assembly)

\*\*are treated like Tier 2 suppliers

\*\*\*in case they have a significant share in the product

# 2. REQUIREMENTS

Tchibo expects all Non-Food suppliers and factories to comply with national and international standards and the Social and Environmental Code of Conduct (SCoC), which is always legally binding!

## 2.1 Social and Environmental Code of Conduct

Being based on the ILO, the Tchibo Social & Environmental Code of Conduct (SCoC) covers requirements on Human Rights Protection and is the foundation for the Tchibo Social Program! It is an integral part of the Non-Food buying contracts and therefore contractually binding for all suppliers and their respective supply chains. **Signing of our contract automatically means signing up and agreeing to comply with our Social and Environmental Code of Conduct.**

Available in English, German, Chinese, Khmer, Turkish and Bangali at [Tchibo SCoC](#).

### IT GIVES CLEAR GUIDANCE ON ISSUES SUCH AS:

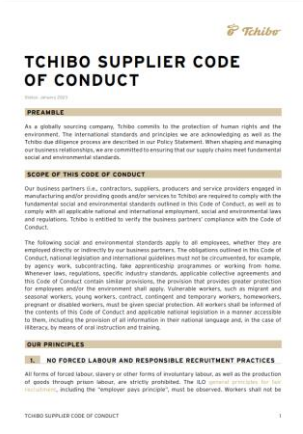
- Prohibition of Child Labor
- Maximum permissible working hours
- Compensation
- Freedom of association & collective bargaining
- Environmental protection

### WHAT DOES THAT MEAN FOR THE SUPPLIERS?

- Contractual obligation to all vendors to adhere to the SCoC requirements
- In case of severe violations, Tchibo retains the right to withdraw from the contract without granting any days of grace and reject the service, claiming damages instead of the service
- Tchibo SCoC must be visibly posted in the production area in all spoken (local) languages (if available)
- Employees can bring SCoC or local law violations to Tchibo at any time under:



Tchibo GmbH  
 Corporate Responsibility  
 Überseering 18, D- 22297 Hamburg/ Germany  
 Email: [socialcompliance@tchibo.de](mailto:socialcompliance@tchibo.de)  
 Website: <https://www.tchibo-nachhaltigkeit.de/en/beschwerden>



## 3. SOCIAL MONITORING APPROACH

Tchibo works with CBX, a Global Sourcing and Supply Chain Software, to ensure a transparent, real-time disclosure of Corporate Responsibility (CR) activities in the supply chain and build a strong base for the German Supply Chain Due Diligence Act.

### 3.1 FACTORY MONITORING IN CBX

WHAT IS IT AND WHAT DOES IT OFFER?

- Tchibo uses CBX as a Global Sourcing Supply Chain Software that allows to bundle all monitoring activities
- It is the place where all relevant onboarding & monitoring communication takes place
- Brings together all relevant parties (Supplier, Buying, CR)
- Creates transparency on the supply chain by disclosing all relevant information of all the parties that are involved in a product (e.g., factory & supplier information)
- Enables traceability of monitoring activities by creating audit histories for all involved parties
- Therefore, it builds the baseline to comply with requirements from the German Due Diligence Law

#### WHAT DOES THAT MEAN FOR TCHIBO SUPPLIERS?

To Do:



Supplier

- ✓ Tchibo asks all their vendors to work with the CBX platform and expects all involved parties to actively participate and support a smooth workflow
- ✓ Suppliers **must** provide reliable factory information in CBX, such as address, contact details, business registration number. Suppliers are responsible to keep these data up to date at all time for themselves and their factories.
- ✓ During the Tchibo monitoring process, suppliers are asked to use CBX as a communication tool with the Tchibo Buying and CR department and provide all documents that might be required during audit processes
- ✓ Suppliers can always use CBX to monitor the status of their factories and track requirements and open to-dos

Tchibo Audits are an important tool to check factories' adherence to Tchibo's Social & Environmental Standards.

### 3.2 TCHIBO AUDITS

#### Tchibo Factory Audit (Combined Audit of QC & CR)

Factory Audits are QC Audits which are combined with assessment of social and environmental performance. Coordinated and conducted by Quality Control (QC) department of Tchibo Merchandising Hong Kong.

- Applicable for risk-countries (China & Taiwan)
- Announced
- One man-day
- Valid for three years



#### Tchibo Risk and Compliance Audit

Both Tchibo Risk- und Compliance Audits are conducted by external, independent auditing firms such as Algi, Elevate, and Intertek.

Risk and Compliance audits differ in the countries and scope. The potential risk of sourcing countries is being evaluated by Tchibo on a yearly base.

##### Risk Audit

- Risk-Countries\*
- Semi-announced (two weeks time window)
- One man-day
- Valid for three years
- It includes worker interviews (small sample) and is carried out by 1 trained third party social and environmental auditor



##### Compliance Audit

- High Risk-countries\*
- Semi-announced (two weeks time window)
- Two man-days
- Valid for three years
- It includes worker interviews (large sample) and is carried out by 2 trained third party social and environmental auditors



\*evaluated annually by CR

Next to our own audits, Tchibo also accepts several external certificates and Audit Programs.

### 3.3 EXTERNAL CERTIFICATES AND AUDIT PROGRAMS

To reduce multiple auditing, we recognise external certificates and audit programs even when Tchibo is no member of the specific Program. Please provide the certificates to Tchibo or a copy of the full audit report. Tchibo evaluates them based on our internal grading system. In case of a suitable result, the factory may be exempted from the auditing obligation for Tchibo with respect to Tchibo Risk and Compliance Audits. For this, we ask you to always provide the **Audit Report** and the associated **Photo Report**.

The following Certificates and audit programs are accepted under noted circumstances:



#### Sedex Members Ethical Trade Audit (SMETA) 4-Pillar Audit

- We do not accept SMETA 2 Pillar audits, as they do not cover Environmental & Business Ethics part
- ZT and MaC remediation evidence needed
- Valid for three years



#### Business Social Compliance Initiative

- All countries except High-Risk Countries.
- Minimum overall rating 'C'
- ZT remediation evidence needed; Mac remediation latest until next report otherwise upgrading of findings
- Ratings A&B: 2 years; Rating C: 1 year; Ratings D&E: rejected



#### Worldwide Responsible Accredited Production

- Valid WRAP Platinum, Gold certificates
- No acceptance of 'WRAP on probation'
- Only for Textiles
- Platinum: 2 years; Gold: 1 year; Silver: 6 months



#### SA8000 Standard

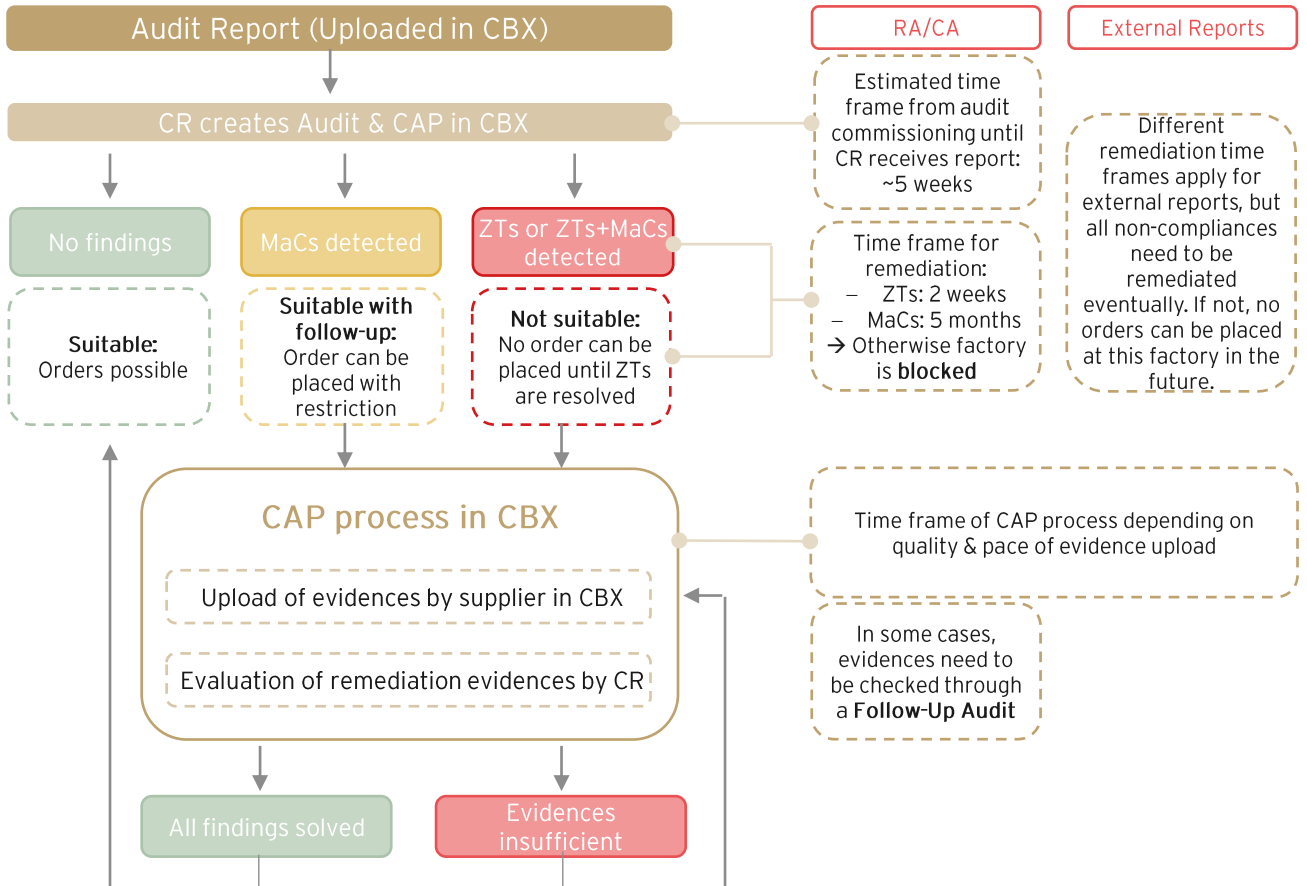
- Only in combination with ISO14001
- No High-Risk countries
- Valid for three years



### 3.4 AUDIT RESULT & CONSEQUENCES

- There are three forms of non-compliances in an audit:
  - Zero Tolerances (ZTs): High risks for workers' health & safety
  - Major Concerns (MaCs): Medium risks for workers' health & safety
  - Minor Concerns (MiCs): Modest risks for workers' health & safety
- An order can be placed when there are **no findings**, or **only MiCs /MaCs** detected, leading to the audit result **"Suitable"** or **"Suitable with Follow-up"**. ZTs, which lead to the overall result **"Not suitable"**, will need to be remediated before order placement.
- If the supplier/factory refuses to permit the audit or refuses access to the auditor during the scheduled audit window, he must bear the costs for the rescheduled audit.
- Business is discontinued with suppliers/factories that refuse an audit, repeatedly have 'Zero Tolerance' violations or do not cooperate sufficiently in the improvement process.
- The same applies for attempts at bribery or fraud. These acts are not tolerated by Tchibo and may lead to the termination of the business relationship.

#### Overview of Audit Process



### 3.5 SCOC REQUIREMENTS

In the following part you can check if the topics of the SCoC are properly addressed in the factory. These points get checked during audits. The listed points do not, however, lay any claim to completeness and are only used as an illustration.

The local labour, social and environmental laws are equally applicable at all times independently of the points listed here.

#### Forced Labour

##### Freedom to leave

- The employee must be free to leave the factory premises and employee accommodations at all times.
- Security services are not allowed to prevent the employee from leaving the factory premises or the employee accommodations or exercise any form of mental or physical pressure on the employee.

##### Payments, debts and Commission fees

- None of the employees may be kept or forced to work on the premises of the factory or in employee accommodations to pay off debts or commission fees possibly paid to work agencies.
- Employees must be able to decide freely whether to make use of employee accommodations, food and/or transport arrangements. Billing may only occur at net cost prices.

##### Retaining documents

- The employer is not allowed to retain original documents such as personal identification cards, passports, birth certificates or deposits. The wages to which the employee is entitled may not be denied and payment may not depend on whether the employee remains at the company.

##### Overtime

- Working overtime must be a voluntary decision at all times. Salaries must be paid within the terms set by law.

##### Prison labour

- The use of prison labour is not permitted in production for Tchibo.

## Child Labour

It is strictly forbidden to employ children (under minimum age) at the production sites. National regulations for the protection of young employees must be fulfilled.

### Proof of age

- ❑ Proof of age is to be provided in the form of e.g., an ID card, birth certificate or medical documents. Management shall check the age proof carefully. Unfortunately, it is common to create fake ID cards to obtain fraudulent access to factories.

Minimum Age: 15 years (or higher where local law requires higher minimum)

Young employees: reached the minimum legal age, but are not yet legal adults (most countries between 15 and 18)

(The basis for the employee's age is the actual date of birth and not local methods of calculating age, such as the Chinese calendar, for example.)

### Young employees

- ❑ The protection of young employees includes regulations on work hours, health care, work safety and work in dangerous places. In every case the employer must ensure that the development of the youth is not compromised.
- ❑ When the employment of young employees who are subject to compulsory schooling is permitted, special protective regulations apply to them. They e.g. may not work during school hours. They also may not be away from home for more than 10 hours per day, which includes the journey to and from school/ work, the hours in school and the hours at work.

### Trainees and Interns

- ❑ Often there are also special regulations for trainees and interns. These e.g. concern training programs, theoretical classes, work hours and compensation.

If child labour is discovered in a production facility, the factory will bear particular responsibility for these children. This also applies if the employer was not aware that he/she hired a child as employee.

Besides compliance with the applicable international and local laws, the following measures are to be taken in the event of child labour:

- The child must be immediately released from the work.
- The free job resulting from this is to be offered to a family member who has reached the legal minimum age. Alternatively, the family of the child shall receive compensation for the loss of income until the child has reached the age to work.
- The factory is responsible for initiating and financing appropriate steps to reintegrate the child in the environment of children. A children's help organisation or other experts should be consulted if needed.

- The factory has to ensure the child's schooling until the end of her/his compulsory education. If the compulsory education ends before the minimum legal age is reached, then the child shall be supported until the legal working age.
- After concluding his/her compulsory education and reaching the minimum age, the child is to be offered employment, possibly as a trainee.

## Discrimination

Discrimination against employees occurs when a worker is treated differently on the basis of personal characteristics. Personal characteristics include e.g. gender, religion, age, membership in a union or other organisation, race, caste, ethnic origin, disability, sexual orientation, family responsibilities, marital status or political opinions.

### Personal characteristics

- Employees may only be hired on the basis of their qualifications and expertise.
- Employees may not be fired or made redundant on the basis of personal characteristics.
- Differences in payment may not result from the personal characteristics of the employees.
- All employees with comparable expertise must have the equal opportunity to perform overtime within the limits permitted by law.

### Pregnancy

- The pregnancy of an employee may have no impact on the decision to hire. The employer is not allowed to ask questions about this subject during the interview or require that the employee signs a declaration of not being pregnant or planning to become pregnant. Pregnancy tests are not permitted in the hiring process or thereafter.
- The use of contraceptives may not be made a condition for hiring or employment. Women may not be made redundant on account of pregnancy.

### Complaints

- If an employee complains about the violation of their rights, this may not lead to personal disadvantages.
- Violation of labour rights must be investigated, and the causes removed. A regulated complaint system is to be established for this reason. The employees should be informed about its existence and how it works. There must be a clear system for voicing complaints, handling them and implementing improvements.

## Disciplinary Measures

Disciplining employees by means of corporal or psychological punishment is strictly forbidden.

## Access

- Punishment manifested through restricted access to food, sanitary facilities or medical care is forbidden.

## Sexual Harassment and Abuse

- Sexual harassment and sexual abuse are forbidden and will not be tolerated. Sexual harassment does not necessarily only take physical forms. Voicing e.g. demeaning comments about the gender of an employee equally falls under the term sexual harassment. Any incident of this kind shall be studied and appropriate punishment imposed.

## Compensation

- The withholding of compensation as a disciplinary measure is not permitted by Tchibo, because there is great danger of abuse.

## Working Contracts

### Contract requirements

- Employers are required to give their employees a written working contract that includes at least the following points:
  - o Name and picture of the employee,
  - o home address,
  - o function,
  - o starting date of working relationship, hours of work arranged, remuneration, probation period (if applicable), details for termination and
  - o signature of the employer and the employee.
- A copy of the contract has to be given to the employee

### Subcontractor

- In the event that contracted work is used, the supplier must ensure that the same conditions are fulfilled by the subcontractor.

## Compensation

Most countries have a minimum wage stipulated by the law. The minimum wage governs the compensation of employees for a regular work week, i.e. without overtime. Moreover, there is often a series of additional laws in this area such as laws regulating compensation during hours off work and the payment of supplements.

The supplier must remain constantly informed about the minimum wage that applies to his production operations. This is also particularly important because the legal minimum wages may increase at regular intervals.

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## Compensation for Piece Work

- ❑ Employees that do piece work also have the right to receive the legal minimum wage. The same applies to regulations for the compensation of overtime.
- ❑ In the audit, the auditor will check how the compensation for piece work is calculated per article/stage of work, and the extent to which the average worker is capable of achieving the legal minimum wage during regular working hours. If the minimum wage is not achieved, then the supplier shall compensate the differential.

## Overtime Differentials

- ❑ It must be compensated at the legal minimum wage plus the overtime bonuses stipulated by law. A distinction is often made between overtime on regular working days, Sundays and holidays.
- ❑ Work on Sundays and holidays is generally considered overtime and must be compensated accordingly.

Both points above applies to workers employed on an hourly basis and for piece workers. The calculations must be documented and presented during the audit.

## Compensation for Nonworking Days, i.e. days/ hours off work

- ❑ Local laws also regulate the cases when wages must be paid even though the employees are not working. The following regulations are common:
  - National or religious holidays
  - During illness
  - During maternity protection and parent leave
  - During leave to which the employee is entitled by law
  - When production is idle
  - The supplier must inform the employee about how much leave he is entitled to and whether there are other regulations comparable to the aforementioned points. All wage payments are to be documented.

## Social Security Contributions

- ❑ In the audit, the auditors will also check whether the supplier has made the social security contributions required by law for all employees. This concerns e.g. unemployment insurance, social security insurance, indemnity, etc.

## Deductions from Wages

- ❑ Deductions from wages are only allowed to a limited extent. These include:
  - Income taxes
  - Contributions to the social security fund required by law
  - Deductions for extra services provided by the employer as long as their use is voluntary and at net cost price (e.g. employee accommodations)
  - Deductions for the redemption of loans and advances on wages

## Payment of Wages

- ❑ The auditor will check the following points with regard to the payment of wages:
  - If the laws in the respective country do not stipulate otherwise, wages are paid monthly and within 5 days of the end of the payment period.
  - Payment must be made in cash, by bank transfer or cheque. Payment in the form of produce or products is not permitted.
  - Payments must be documented for every employee.
  - The employees must receive a pay slip with the payment of their wages, and this pay slip must offer comprehensive information on the composition of their wages including possible deductions in the local language.

## Minimum Wage

- ❑ Tchibo recognises the Asia Floor Wage ([www.asiafloorwage.org](http://www.asiafloorwage.org)) as a benchmark for living wages in the respective countries because in most countries the minimum wage stipulated by law does not provide employees with enough income to cover their basic needs.

## Hours of Work

Regular hours: Hours of work within a defined period that do not include overtime. The regular hours of work must be clearly regulated in the factory, specifically in the factory rules and working contracts. They may not exceed the legal maximum.

Maximum 8 hours per day and 48 hours per week (or less when local law is stricter).

Overtime hours: Hours of work that exceed the regular daily or weekly hours of work. Every hour of work that exceeds the regular hours is to be compensated as overtime. This also applies to hours of work that are performed on Sunday and holidays.

Including overtime, an employee may not work more than 60 hours per week (or less when local law is stricter).

## Breaks

- ❑ The regulations at the supplier must meet the legal requirements with regard to both the number as well as the length of the breaks. They generally depend on the length of the hours of work and the strain of the job on the employee. Some countries make differences with regard to the gender and age of the employee.

## Voluntary Overtime

- ❑ Working overtime must be a voluntary choice for the employee. Exceptions are permitted when unforeseen circumstances (e.g. the failure of machines) make overtime necessary and there is a written agreement with the workers' representatives or the union. Peaks in production due to seasonal business do not count as unforeseeable circumstances.

## Weekly Rest Days

The number of days that may be worked in a row is usually limited by the law. ILO Convention 14 which requires one free day (24 hours) after 6 days of work in a row must be observed at a minimum.

- ❑ The auditor will check the time records for the following items during the audit:
  - Beginning and end of the regular hours of work and the beginning and end of the shifts for shift work.
  - Breaks
  - Number of working days per week
  - Number of working hours per day
  - Overtime per day, week and month

Massive overtime is unfortunately no exception but more the rule in many countries due to the enormous competitive pressure. This has led to some suppliers beginning to falsify their books and documents to pass an audit. Such behaviour is not tolerated by Tchibo and can lead to the immediate blacklisting of the supplier.

We are aware that many requirements cannot be implemented overnight and that their causes partially lie outside the influence of the supplier. Nonetheless, we believe that only a more transparent and open treatment of the subject will create the preconditions for working jointly on an improvement.

## Freedom of Association and Collective Bargaining

Employees have the right to form or join workers' organizations to represent their rights towards their employer. This right is non-negotiable and has the status of a human right.

### Representatives

- ❑ The elected employee **representatives must have free access to the employees** at all times. For example, employee representatives must be free to address the employees, post messages at the notice board or hand out information to employees when not disturbing the production process.
- ❑ In some countries, the right to freedom of association and collective bargaining is limited by law. In this case, the supplier must **at least permit alternative forms**, i.e. parallel means, of employee participation, e.g. freely elected speakers or worker committees that address the social interests of the employees vis-à-vis the management.

### Complaints

- ❑ Procedure that enables the employees to report violations of their rights to the management e.g. kind of "complaint box", which the employees know and which is freely accessible to them. The process must ensure that the management is informed about complaints, handles them and reports the results to the employees.
- ❑ Employees that complain may not be subject to any reprisals.



## Health and Safety

### General Conditions for Production

- ❑ The general conditions within the production facilities must be suited for production and may not have any negative impact on employees' health. This includes factors such as room temperature, ventilation, humidity, light, noise level and cleanliness. The latter applies to the production surfaces, the sanitary facilities as well as the employee accommodations.

### Fire Protection

- ❑ In the event of a fire, all necessary equipment and fire protection mechanisms need to be in place to prevent that employees are badly injured or lose their lives.
  - A sufficient number of well marked emergency exits must be available in the production area. They must be accessible at all times and may not be obstructed or barred.
  - Escape routes are to be marked by lines on the floor and kept free from any obstacles during the entire time of production and until all employees have left the production building. Maps that show the emergency exits, fire extinguishers and escape routes are to be visibly hung in the production rooms.
  - There must be a sufficient number of fire extinguishers on the production floor, in the canteen and at the employee accommodations. They should be firmly installed, clearly identified and regularly maintained.
  - A fire alarm is to be installed.
  - The employees should receive regular instructions about how to use the fire extinguishers. Evacuation training must also take place regularly to ensure the safe evacuation of the building in the event of a fire.

### Chemicals

- ❑ The handling of chemicals is often connected with dangers for the employees and therefore requires special safety measures. This concerns the handling of chemicals as well as their storage and disposal.
  - When handling chemicals, the employer must ensure that employees use protective equipment (e.g. respiratory masks, protective goggles, gloves and rubber boots).
  - Employees that handle chemicals must be trained accordingly and know how to react if they come into direct contact with the chemical (e.g. skin or eyes).
  - All containers that hold chemicals must be marked as such in the local language. In particular this concerns small containers that are used directly at the workplace and can easily be mistaken for something else (e.g. PET flasks).
  - When storing chemicals, their specific properties need to be labelled and observed. There are e.g. materials that react with each other and consequently may not be stored next to each other.
  - Others represent a danger for the pollution of the ground or groundwater, and must be stored in a separate containment area.
  - All this information is described in the so-called material safety data sheets, which each chemical supplier is required to provide. These data sheets should be visibly hung in the storage room and in the production areas in which the chemicals are used.

## Personal Protective Equipment (PPE)

- ❑ Some work stages in production require the use of protective equipment such as gloves, breathing masks, ear protection and protective glasses. This protective equipment shall be provided by the employer free of charge, in a fully functional form and in sufficient quantities. The protective equipment must be in good condition so that it can fulfil its protective function.
- ❑ The employer must also ensure that the protective equipment is used by the employees, even if wearing it is perhaps uncomfortable at first. This can e.g. be done by instruction signs, regular training and continual checks.

## Machine Safety

- ❑ Machines are often a potential danger for employees. This danger can stem from rotating, punching, sharp or particularly hot or cold machine parts. Lifting equipment, generators and boilers are especially dangerous.
- ❑ To protect the employees appropriately, the machines must be regularly maintained and equipped with the appropriate safety devices. The employees are to be trained regularly in the handling of machines.

## Building Safety

- ❑ The rooms in which production takes place must be suited for this. This concerns the general conditions (e.g. ceiling heights, statics, floor plan) as well as the condition of the building.

## Health Care

- ❑ sufficient number of well labelled first aid kits and training selected employees to be first aid assistants. In many countries, a company doctor and the installation of a sick room are also required for companies above a certain size.

## Training of Employees

- ❑ All employees must be regularly trained with respect to health and safety. This should take place immediately after hiring and should then be repeated at regular intervals. The training should cover all the aforementioned aspects and should be carefully documented (date, participants, content).

Violations of these rules are discovered at the majority of production sites. The reason is often an absence of management in this area which ensures that clear responsibilities are defined for ensuring the implementation of the above points. Also, regular internal audits are necessary to ensure continuous compliance with the requirements and specifically motivate the employees in becoming disciplined in applying the safety measures.

## Environmental Protection

- Business partners shall establish a feasible and effective environmental management system in order to:
  - Save energy and increase energy efficiency
  - Save water, recycle process water and manage wastewater
  - release no hazardous substances directly into the environment (water, air and soil)
  - Safely store and label hazardous substances
  - Minimize the use of other resources including mineral resources, agricultural commodities and fossil fuels
- Relevant environmental permits and licences as well as the wastewater management, air emissions, waste management and the functionality of a paint unit will be checked.

## Management System

To comply with social and environmental standards in a company in a sustainable manner, it is necessary to create at least basic management structures.

### The allocation of responsibilities

- Responsible managers both in top management and on the operational level should be assigned for all subjects related to social and environmental standards. These include e.g. personnel questions, legal demands, worker safety, industrial engineering and production planning.

### The training and sensitisation of the employees

- The supplier is obliged to train the employees regularly and to inform them of their rights. The Tchibo SCoC is also to be visibly posted in the local language inside the factory.

### Internal communication

- This comprises regular talks with employees and workers' representatives, complaint procedures, etc.

### Updating the legal basis

- The supplier must be informed about the current state of the national laws at all times.

### The documentation

- ❑ In the audit, the supplier has to present the appropriate documents to prove compliance with the social and environmental standards. Only demonstrable evidence can be assessed as such by the auditor. An overview of the documents checked in an audit is located in the appendix 7.2 .

### The lawfulness of the facility

- ❑ The review during the audit also includes legal documents such as operating licences and building licences. Legal obligations and requirements regarding employees may also not be circumvented, e.g. by using contract assignments or false apprenticeship schemes.

## Employment Relationship

When signing the contract with Tchibo, the supplier commits himself to produce the goods at the factory that has been contracted.

- ❑ The use of subcontractors is only permitted if the production site has been reported and approved by Tchibo in advance.
- ❑ In industries where homework is traditionally conducted, additional measures are necessary to ensure that homeworkers enjoy all rights they are entitled to through this Code, national laws and international human rights conventions. Homeworkers are not to be disadvantaged in comparison to workers at the factory and are to be actively informed of their right to organise and bargain collectively.

The exceptional processes within Tchibo's monitoring approach can **only be used** if the regular processes are not applicable. For this, suppliers and factories must meet certain criteria!

### 3.6 EXCAPTIONAL PROCESSES

#### Brand-related Exception

If a brand has a similar monitoring approach to Tchibo the Brand can become an A-Brand.

That means:

- After a detailed desk research by CR, a brand can become a CR A-Brand, meaning that they comply with Tchibo's SCoC and monitoring approach
- Facilities running under this brand can be approved by CR without further checks

For that reason please share all documents with Tchibo that give information about your own monitoring approach (e.g. SCoC)

For toys and kids-related products stricter requirements apply. In this case A-brands have to create complete transparency on factory level.

#### Project-related Exception

##### TC Non Branded

For products without Tchibo branding an exceptional process is possible. It is not applicable for Textiles and Children's articles.

##### Under 30k SU

Similar to TC Non Branded process but for projects with less than 30k units.

Please keep in mind that TC non branded and <30k are only exceptional processes for particular projects. These are not the regular Tchibo monitoring processes but are mentioned here for reasons of completeness.

Tchibo buying department is aware of the exceptional processes. If the process is suitable the responsible buyer will inform you autonomously.

## 4. COLLABORATIVE CHANGE ACTION (CCA)

To support long-term progressive improvement of social and environmental performance in factories, the CCA support factories in understanding the root causes of non-compliances and how to take ownership for improvement.

Tchibo is striving towards a 100% sustainable business, we ensure the compliance of social and environmental compliance and extend our corporate responsible activities in our supply chain. While the regular audit process is an important monitoring measure for Tchibo, we believe that monitoring processes which are based on a more collaborative framework between brand, supplier and factory can increase the effectiveness and scope of the overall monitoring practices.

With the experiences we accumulated when following up remediation plans with factories, we see that capacity and engagement of the factories are a key leverage for continuous improvement. Therefore, Tchibo is introducing a new collaborative approach to support the factories in building a deeper understanding of their non-compliances, co-creating with workers and management, taking ownership for their change actions and suitable improvement on working conditions.

### WHAT IS IT AND WHAT DOES IT OFFER?

- In a one-year CCA project, factories comprehend the relevant root causes for their findings and take ownership for the continuous development of sustainable social and environmental compliance
- Scope is on human rights in production facilities; environmental compliance will relate to topics that have a direct impact on the worker's health and safety
- Consultants support in the development of suitable tools and mechanisms
- CCA achievements in factories includes:
  - Trustful relationship and respectful dialogues have been established in a factory
  - Factory is able to identify relevant root cause and share openly with Tchibo
  - Factory takes ownership to co-create corrective actions or improve non-compliance with workers and management
  - Tools and dialogue mechanisms have been developed and applied in the factory for collaborative change actions

### WHO CAN JOIN?

- Factories with an acceptable social and environmental monitoring result and yet to be invited by Tchibo to join WE Program
- More information will be given to factories during the CCA welcome process

## 5. WE PROGRAM

In the course of the WE Program, workers and managers come together on a regular basis. Together they build mutual understanding, they hold courageous conversations on human rights in their factories and they co-create solutions to improve working conditions.

To ensure decent working conditions in the manufacturing sites, Tchibo aims for a continuous improvement process at the factories. A Code of Conduct and the execution of audits make up only two instruments and often fail to prompt sustained improvements that are demonstrably felt by the employees.

For this reason, Tchibo launched the WE (Worldwide Enhancement of Social Quality) Program in September 2007, a pilot project, in cooperation with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. After the pilot phase, the program has been expanded to more Tchibo sourcing countries and more factories. Today, the WE Program has become a core initiative of Tchibo to achieve long-term improvement of working conditions in factories.

### WHAT IS IT AND WHAT DOES IT OFFER?

- Instead of merely pointing at violations from the outside, the WE Program empowers employees and managers to improve the working conditions at their factories from within.
- The focus of the program is to establish an on-going dialogue between the factory's operational levels, from top management to middle management to the workforce
- The following core aspects of human rights in production are covered
  - Forced Labour incl. Child Labour
  - Working hours, wages and benefits
  - Freedom of association and collective bargaining
  - Occupational health and safety
  - Discrimination and (sexual) harassment
- Through different WE interventions such as workshops, factory visits etc., facilitators hold courageous conversations between managers and employees and guide the participants to independently develop and implement measures for their factories.
- Local facilitators, in collaboration with international WE facilitators, are responsible for the implementation of the WE Program



Further information can be found [here](#)



Please also feel free to contact [we@tchibo.de](mailto:we@tchibo.de) if you are interested in joining the WE Program

## 6. GETTING STARTED

### To Do:



Supplier



Factory

To ensure a smooth social monitoring process, please make sure to follow these steps:

- ✓ Please read Tchibo's SCoC carefully and keep its requirements in mind for all activities
- ✓ Use this supplier manual as a base for an approach towards due diligence but try to take action beyond and get inspired!
- ✓ If you have any doubts or questions regarding Tchibo's Social Monitoring process, feel free to reach out to [scoc@tchibo.de](mailto:scoc@tchibo.de)
- ✓ Have the following documents available before an audit (no claim to completeness):

### Employment Documentation

- Personnel records
- Working contracts
- Age documentation
- Timekeeping records including overtime
- Payrolls and other proof of wage payment
- Proof of social security contributions, social security documents
- Wage lists including the basis for every wage calculation, e.g. of produced pieces for piecework laborers, of deductions, etc.
- Basis for calculation of piece work

### Health & Safety

- Plant layout or facility evacuation plot plan and emergency response plan
- Documentation with respect to inspection of buildings, workplaces, electrical installations and machines for potential dangers
- Training records, e.g. in the area of fire fighting, building evacuation or machine operation
- Inspection records of fire extinguishers
- Job hazard assessments and list of required personal protective equipment
- Material Safety Data Sheets
- Certification of drinking water facilities
- Certificates of qualification for the medical personnel and trained first aid assistants



## Facilities Policies

- Business licence
- Company rules including policies regarding disciplinary measures and anti-discrimination
- Documentation of employee training sessions in the area of labour and social standards
- Protocols of meetings and agreements with the workers' representatives
- Proof that subcontractors comply with the social and environmental standards

## Environment

- Air emission permits and monitoring records
- Wastewater discharge monitoring reports and permits
- Waste management documentation

## 7. APPENDIX

### 7.1 TCHIBO SUPPLIER CODE OF CONDUCT (SCoC)

Status: January 2023

#### PREAMBLE

As a globally sourcing company, Tchibo commits to the protection of human rights and the environment. The international standards and principles we are acknowledging as well as the Tchibo due diligence process are described in our Policy Statement. When shaping and managing our business relationships, we are committed to ensuring that our supply chains meet fundamental social and environmental standards.

#### SCOPE OF THIS CODE OF CONDUCT

Our business partners (i.e., contractors, suppliers, producers and service providers engaged in manufacturing and/or providing goods and/or services to Tchibo) are required to comply with the fundamental social and environmental standards outlined in this Code of Conduct, as well as to comply with all applicable national and international employment, social and environmental laws and regulations. Tchibo is entitled to verify the business partners' compliance with the Code of Conduct.

The following social and environmental standards apply to all employees, whether they are employed directly or indirectly by our business partners. The obligations outlined in this Code of Conduct, national legislation and international guidelines must not be circumvented, for example, by agency work, subcontracting, fake apprenticeship programmes or working from home. Whenever laws, regulations, specific industry standards, applicable collective agreements and this Code of Conduct contain similar provisions, the provision that provides greater protection for employees and/or the environment shall apply. Vulnerable workers, such as migrant and seasonal workers, young workers, contract, contingent and temporary workers, homeworkers, pregnant or disabled workers, must be given special protection. All workers shall be informed of the contents of this Code of Conduct and applicable national legislation in a manner accessible to them, including the provision of all information in their national language and, in the case of illiteracy, by means of oral instruction and training.

#### OUR PRINCIPLES

##### 1. NO FORCED LABOUR AND RESPONSIBLE RECRUITMENT PRACTICES

All forms of forced labour, slavery or other forms of involuntary labour, as well as the production of goods through prison labour, are strictly prohibited. The ILO general principles for fair recruitment, including the "employer pays principle", must be observed. Workers shall not be

subject to any regulations which limits their personal freedom of movement. Employers shall not require workers to lodge deposits or identification papers. Workers are free to leave their employer after reasonable notice as mandated by law. The ILO Conventions 29 and 105 apply.

## **2. NO CHILD LABOUR AND PROTECTION OF YOUNG WORKERS**

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Children of compulsory school age and children under 15 years of age (or 14 years of age if permitted by national legislation pursuant to ILO Convention 138) must not be employed. If evidence of child labour is detected in the business partner's supply chain, corrective measures must be implemented and documented in writing. Adequate financial and other support must be provided to enable the child involved in the production of goods for Tchibo to attend school as required by law. In small-scale, family-run agricultural enterprises, children are allowed to work on their family's farm, provided that the work does not affect their health, safety, welfare, education or development, that they are supervised by adults and that they receive an appropriate education. In this case, business partners shall endeavour to provide children with access to care facilities.

Young workers between the ages of 15 and 18 may only be employed in compliance with the applicable legal provisions. Under no circumstances must they work at night, nor perform any work that could harm their health, safety or morals. Young workers must have the opportunity to participate in education and training programmes. Young workers of compulsory school age may only work outside school hours and for a maximum of eight hours per day. School, work and commuting time must not exceed a total of ten hours per day. The ILO Conventions 79, 138, 182 and ILO Recommendations 146 and 190 apply.

## **3. NO DISCRIMINATION**

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It shall be guaranteed that all employees are treated equally and with dignity and respect and have access to the same opportunities. Discrimination based on gender, age, religion, race, caste, social background, health status, disability, ethnic and national origin, nationality, membership of workers' organisations (including trade unions), political views or opinions, sexual orientation, family responsibilities, marital status or other personal characteristics is forbidden. The ILO Conventions 100, 111 and 159 apply.

#### **4. NO ABUSE OR HARASSMENT**

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All forms of physical, psychological, sexual, verbal or other harassment, abuse or disciplinary action, as well as all forms of intimidation, are prohibited. Unwelcome sexual advances, unwanted hugs and touching, lewd or obscene remarks or requests for sexual favours are prohibited in the workplace and in all facilities associated with the workplace, including transportation and dormitories. Disciplinary action may only be taken in accordance with national legislation and internationally recognised human rights. Arbitrary penalties in case of sickness or pregnancy are forbidden. Workers who complain of discrimination, abuse or harassment shall not be subjected to any form of disciplinary measures or reprisal.

#### **5. ADEQUATE WORKING CONTRACTS**

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Where required by law, Tchibo's business partners shall provide their employees with written employment contracts in a language and form that they understand. The minimum elements of employment contracts, to the extent required by law or customary by industry standards, are: name, address and photograph of the employee, date and place of birth, function, date of commencement of employment, hours of work, salary and remuneration, probationary period, holiday entitlement, details of termination of employment (by the employee and by the employer), signatures of employee and employer and date of each signature. In the case of contract work, it must be ensured that the business partner complies with the above. Oral, rather than written, employment contracts are acceptable on agricultural businesses for short-term and seasonal workers (less than three months), provided they are documented and permitted under the applicable legislation.

#### **6. WAGES AND REMUNERATION**

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Wages paid for standard working hours, as well as overtime with bonuses, shall in each case at least meet the legal, industry-specific minimum standards and/or applicable collective agreements, whichever is higher. Wages should always cover the basic needs of workers and their families and provide some discretionary income (living wage) if statutory minimum wages are not sufficient to do so. Employees must receive at least all legally required social benefits from their employer, as well as written, complete and understandable information about the composition of their wages, including deductions, overtime pay and fringe benefits. Wage deductions as a disciplinary measure are not permitted. The ILO Conventions 26 and 131 apply.



## **7. DECENT WORKING HOURS**

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Working hours shall comply with applicable legislation and industry standards, whichever is stricter. In no case may workers be required to work more than 48 hours per week on a regular basis. The maximum working time per day must not exceed 12 hours. Overtime must be voluntary and not required on a regular basis. Employees are entitled to at least one day off after six consecutive working days. Exceptions to this rule are only permitted if both of the following conditions are met: a) national legislation permits working hours in excess of this maximum limit; and b) a freely negotiated collective bargaining agreement is in force which permits averaging including adequate rest periods. The ILO Conventions 1 and 14 and ILO Recommendation 116 apply.

## **8. RESPECT FOR FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

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The right of employees to form and join workers' organizations including unions of their own choice, the right to collective bargaining, and the right to strike shall be recognised and respected. Business partners are encouraged to adopt a positive approach towards the right to freedom of association and collective bargaining by actively informing their workforces of these rights and adopting an open attitude towards trade unions including their organising activities. Business partners shall ensure that trade unions can operate in accordance with the law applicable to the

workplace. In situations where the rights to freedom of association and collective bargaining are restricted by law, parallel means of independent and free association and bargaining shall be allowed. Workers' representatives shall be protected from discrimination, harassment, intimidation or retaliation and shall be provided with free access to workers to ensure they can exercise their rights in a lawful and peaceful manner. The ILO Conventions 87, 98 and 135 and ILO Recommendation 143 apply.

## **9. OCCUPATIONAL HEALTH AND SAFETY**

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Workers must be provided with a safe and hygienic working environment. Industry-specific knowledge and sector-specific hazards shall be considered. Occupational health and safety measures shall be taken to prevent accidents and injuries. Workplaces, work processes, machinery and equipment shall be secured by signs, guards and coverings. Occupational safety exercises and procedures shall be communicated to employees and regular training must be provided. Personal protective equipment, in appropriate sizes, must be provided and workers must be trained in its proper use. Adequate rest breaks and access to clean sanitary facilities and drinking water must be provided. The same requirements apply to all social facilities and worker accommodation, if provided by the employer. All workers must have the right to leave dangerous situations without seeking permission. All pregnant women and parents with newborns shall be provided with all protections in accordance with applicable legislation. Business partners shall assign a senior manager with responsibility for occupational health and safety and shall involve workers in the analysis of health risks and hazards. The ILO Convention 155 and ILO Recommendation 164 apply.

## **10. RESPECT FOR LAND RIGHTS**

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Legitimate property rights, ownership, rights of use, as well as the corresponding rights to natural resources, such as forests and water bodies, must be respected. This includes unwritten public, private, communal or collective rights, including indigenous or customary rights. Farmers and/or communities shall not be subject to land grabbing, lose their rights or be removed from land they have regularly used as farming grounds. If the applicable law clearly provides otherwise, the process set out in the [FAO/OECD Guidelines](#) should be followed. In particular, prompt, adequate and effective compensation must be provided. If indigenous peoples or communities are involved, the acquisition of new land must be clarified through due diligence by an external, neutral party. All negotiations must respect the principles of free, prior and informed consent in accordance with the UN Declaration on the Rights of Indigenous Peoples. The ILO Convention 169 apply.

## **11. RESPONSIBLE BEHAVIOUR OF SECURITY FORCES**

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Whenever security personnel are assigned to protect the company or company property, adequate instruction, training and supervision shall be provided. Security personnel must not violate the prohibition of torture, treat people in an inhuman or degrading manner or act against the right to freedom of association.

## **12. ADEQUATE ENVIRONMENTAL PROTECTION**

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All applicable legal requirements for environmental protection shall be complied with and all relevant environmental approvals, certificates and permits shall be obtained and maintained. Business partners shall continuously strive to minimize any adverse impact that their business activity has on the environment. This means especially that no hazardous substances are released into the environment or harm people, and that environmental standards for soil changes, wastewater treatment, emissions and waste management must be met. Business partners are obliged to make an appropriate contribution towards climate protection. In particular, this concerns the improvement of energy efficiency and the minimisation of resource consumption (including water, mineral raw materials, agricultural raw materials and fossil fuels). National regulations on the protection of forests must be complied with. Business partners are required to implement an adequate and effective environmental management system. The principles laid down in the Minamata Convention on Mercury, the Stockholm Convention on Persistent Organic Pollutants and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes must be observed.



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### **13. ADEQUATE CHEMICAL MANAGEMENT**

Business partners must implement, continuously monitor and, if necessary, improve an effective chemical management system (CMS). This CMS must encompass the entire life cycle of the chemicals used, including the purchase, storage, transport, use and safe disposal/ discharge of these chemicals. The CMS must define a clear chemicals policy, including roles and responsibilities, as well as detailed work instructions for each step in the use of chemicals for all parties involved. Business partners must implement appropriate monitoring measures and regular training/ communication on CMS requirements for all workers who handle or are exposed to chemicals. Procedures for emergency situations (e.g., spills, leaks) must be defined. The ILO Convention 170 and ILO Recommendation 177 apply.

The ZDHC Chemical Management System Framework must be implemented for the production of consumer goods. Business partners must ensure that no chemicals are used that contain substances listed on the Tchibo Restricted Substances List (RSL) and the ZDHC Manufactured Restricted Substances List (MSL).

For agricultural enterprises, all agrochemicals must be stored away from food, water and children in locked, well-ventilated areas. In addition, empty pesticide containers must not be reused for food or beverage storage, rather they must be returned or disposed of safely.

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### **14. NO CORRUPTION**

Business partners must refrain from committing any kind of criminal acts, in particular corruption, as well as acts that could be construed as such. Business partners undertake not to accept or make any payments or benefits in their relations with their suppliers and public officials that are intended to influence or could appear to influence business decisions or otherwise obtain an improper advantage.

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### **15. GRIEVANCE MECHANISM**

Complaints should be addressed to: Tchibo GmbH, CR, Überseering 18, 22297 Hamburg, [socialcompliance@tchibo.de](mailto:socialcompliance@tchibo.de)

Business partners are obliged to inform their workers about the options to submit complaints via the grievance mechanism on a regular basis and in an accessible manner. Workers must be able to submit complaints without fear of discrimination, reprisals, intimidation or harassment. Business partners must work to ensure that their direct suppliers also inform their workers about the options available to them via the Tchibo grievance mechanism and must not take reprisals against workers who lodge a complaint.

## 7.2 SELF-ASSESSMENT QUESTIONNAIRE

This self-assessment questionnaire is intended as a general guidance document to help suppliers evaluate their potential compliance status in relation to the Tchibo Social and Environmental Code of Conduct and international labor and environmental standards. In most cases questions answered “yes” should indicate potential compliance, while “no” answers indicate an area that may require attention.

This document is a preparatory tool only and should not be construed as legal advice or a guarantee of an audit outcome in any way. National labor, safety and environmental laws are considered during audits and, therefore, suppliers should be familiar with local legal requirements.

Manufacturer: \_\_\_\_\_ Date of Visit: \_\_\_\_\_

| A. Forced Labour   |     |    |     |
|--|-----|----|-----|
| <i>Freedom of Movement</i>   |     |    |     |
| A1. Are employees able to freely move about to use the restroom and potable water, and leave the premises for lunch and at the end of the workday? | Yes | No | N/A |
| <i>Forced Labour</i>   |     |    |     |
| A2. Are all forms of forced labour, including bonded labour, slave labour, and prison labour, prohibited?  | Yes | No | N/A |
| <i>Freedom of Contract</i>   |     |    |     |
| A3. Did employees enter into the employment contract voluntarily?  | Yes | No | N/A |
| <i>Deposits</i>  |     |    |     |
| A4. At the time of hire, are original documents kept or monetary deposits taken / accepted from employees?   | Yes | No | N/A |
| <i>Mandatory Overtime</i>  |     |    |     |
| A5. Is overtime work performed with the consent of employees?  | Yes | No | N/A |

| B. Child Labour   |     |    |     |
|---|-----|----|-----|
| <i>Child Records/Age Verification</i>   |     |    |     |
| B1. Are copies of age proving documents, such as national identification documents, birth certificates, social security cards, driver's licenses, or certificates of age available for all employees? | Yes | No | N/A |
| <i>Child Employment</i>   |     |    |     |
| B2. Are all employees of at least fifteen (15) years of age? Note: In some cases, developing countries are exempted from this age limit.  | Yes | No | N/A |
| <i>Working Hours for Young Persons</i>  |     |    |     |
| B3. Are persons under the age of eighteen (18) prohibited from conducting work at night, in dangerous areas, and during overtime hours?   | Yes | No | N/A |
| <i>Youth Labour Violations</i>  |     |    |     |
| B4. Are employees under eighteen (18) years of age subject to medical examinations upon hire and at least every twelve months during the employment?  | Yes | No | N/A |



| <b>C. Discrimination</b>  |     |    |     |
|---|-----|----|-----|
| <i>Abuse</i>  |     |    |     |
| C1. Is it prohibited to discriminate against any individual in employment relationship on the basis of gender, age, religion, race, caste, social background, disability, ethnic and national origin, nationality, membership in workers' organizations including unions, political affiliation, sexual orientation, or any other personal characteristics? | Yes | No | N/A |
| <i>Equal Pay for Equal Work</i>   |     |    |     |
| C2. Do employees who perform equal or equivalent work receive equal compensation?   | Yes | No | N/A |

| <b>D. Disciplinary Measures</b>  |     |    |     |
|--|-----|----|-----|
| <i>Abuse</i>   |     |    |     |
| D1. Is the workplace free from any kind of corporal, psychological, sexual or verbal harassment and abuse, and any other form of intimidation? | Yes | No | N/A |
| <i>Disciplinary Practices</i>  |     |    |     |
| D2. Are disciplinary practices in line with national law?  | Yes | No | N/A |
| <i>Grievance Procedure</i>   |     |    |     |
| D3. Are employees protected from punishment or reprisal if they make grievances related to employment conditions?                              | Yes | No | N/A |

| <b>E. Working Contracts</b>   |     |    |     |
|---|-----|----|-----|
| <i>Provision of Contracts</i>   |     |    |     |
| E1. Are all employees, permanent and temporary, provided with written working contracts? Are labour contractors mandated to provide contract workers with written working contracts?  | Yes | No | N/A |
| <i>Terms of Contracts</i>   |     |    |     |
| E2. Do employment contracts contain specific descriptions of the working conditions, including start date, hours of work, compensation, probation period (if applicable), leave entitlements, termination of relationship terms, etc? | Yes | No | N/A |

| <b>F. Compensation</b>   |     |    |     |
|--|-----|----|-----|
| <i>Minimum Wage</i>  |     |    |     |
| F1. Are employees' regular rates of pay, for the standard workweek without overtime hours, at least equal to the applicable minimum wage rate?                         | Yes | No | N/A |
| <i>Time of Payment</i>   |     |    |     |
| F2. Are employees consistently paid on a specific day?   | Yes | No | N/A |
| <i>Overtime/Premium Pay</i>  |     |    |     |
| F3. Are all employees, hourly and piece-rate, compensated at a premium rate for all hours of overtime work, according to local legal requirement or industry practice? | Yes | No | N/A |
| <i>Deductions</i>  |     |    |     |
| F4. Are all wage deductions documented, allowable by law, within the legal limit, and not made for disciplinary purposes?  | Yes | No | N/A |
| <i>Pay Slips</i>   |     |    |     |
| F5. Are employees provided with detailed and understandable pay slips?   | Yes | No | N/A |
| <i>Benefits</i>  |     |    |     |
| F6. Are employees provided with all legally required benefits, such as annual leave, sick leave, maternity leave, etc.?  | Yes | No | N/A |

| <b>G. Hours of Work</b>  |     |    |     |
|--|-----|----|-----|
| <i>Time Records</i>  |     |    |     |
| G1. Are true and accurate records of time worked by employees kept in the facility?  | Yes | No | N/A |
| <i>Work Hours</i>  |     |    |     |
| G2. Is the standard workweek for employees in line with local legal requirements and industry practice, and in no case exceeding 48 regular work hours per week? | Yes | No | N/A |
| <i>Overtime Hours</i>  |     |    |     |
| G3. Are overtime hours worked by employees in line with local legal requirements and in no case exceeding 12 hours per week?                                     | Yes | No | N/A |
| <i>Weekly Rest</i>   |     |    |     |
| G4. Are employees provided with one day of rest after every six days of consecutive work?  | Yes | No | N/A |

| <b>H. Working Conditions &amp; Health and Safety</b>   |     |    |     |
|--|-----|----|-----|
| <i>PPE</i>   |     |    |     |
| H1. Is PPE distributed free of charge to employees?  | Yes | No | N/A |
| <i>MSDS</i>  |     |    |     |
| H2. Are Material Safety Data Sheets available for all hazardous chemicals in the workplace?  | Yes | No | N/A |
| <i>First Aid</i>   |     |    |     |
| H3. Are first aid supplies, appropriate to the occupational setting, ready available to employees?   | Yes | No | N/A |
| <i>Fire Protection</i>   |     |    |     |
| H3. Are automatic emergency fire alarms installed on every floor of every building (including dormitories)?  | Yes | No | N/A |
| H4. Are fire extinguishers, appropriate to the type of risk, distributed throughout the workplace in unobstructed locations and maintained in usable condition?  | Yes | No | N/A |
| <i>Emergency Preparedness</i>  |     |    |     |
| H5. Are all of the following true: at least two (2) exits are available on each floor; all exits are marked in the local language; all exits are unlocked; all exits open outwards; all exits are unobstructed; all exits are illuminated so that the "EXIT" sign may be read; all evacuation routes are appropriately marked? | Yes | No | N/A |
| <i>Equipment/Mechanical Safety</i>   |     |    |     |
| H6. Are machines equipped with at least one method of machine guarding?  | Yes | No | N/A |
| <i>General Health and Safety</i>   |     |    |     |
| H7. Are safe work practices promoted to minimize the risk of accidents, injury and exposure to health risks?   | Yes | No | N/A |
| <i>Employee Safety Training</i>  |     |    |     |
| H8. Do employees receive the following health and safety training: evacuation procedures; first aid; PPE; MSDS; forklift operating; and fire prevention?   | Yes | No | N/A |
| <i>Dormitories</i>   |     |    |     |
| H9. If dormitories are provided, are they subject to the same safety principles as the workplace?  | Yes | No | N/A |

### I. Freedom of Association and Collective Bargaining

| <i>Freedom of Association</i>  |     |    |     |
|--|-----|----|-----|
| I1. Do employees have the right to form or join a labour union and to collectively bargain without fear of reprisal, intimidation or harassment? | Yes | No | N/A |
| <i>Access to Workplace</i>   |     |    |     |
| I2. Do worker representatives have access to the workplace?  | Yes | No | N/A |

### J. Environment

| <i>Management System</i>   |     |    |     |
|--|-----|----|-----|
| J1. Are environmental licenses and permits available as required by law?   | Yes | No | N/A |
| <i>Wastewater</i>  |     |    |     |
| J2. Is there no wastewater discharged directly into the environment without treatment? Is wastewater quality documented?             | Yes | No | N/A |
| <i>Chemicals</i>   |     |    |     |
| J3. Are all chemicals and hazardous substances labeled? Are all chemicals and hazardous substances stored in anti-static containers? | Yes | No | N/A |
| <i>Waste</i>   |     |    |     |
| J4. Is waste stored in designated areas? Is documentation available that the waste is collected by licensed collectors?              | Yes | No | N/A |
| <i>Air</i>   |     |    |     |
| J5. Is exhaust air filtered and air emission monitoring documentation available  | Yes | No | N/A |
| <i>Paint Unit</i>  |     |    |     |
| J6. Is a paint unit with water absorber chamber available?   | Yes | No | N/A |

### K. Management Practices

| <i>Management System</i>   |     |    |     |
|--|-----|----|-----|
| K1. Are there personnel specifically responsible for ensuring compliance to the Tchibo Social and Environmental Code of Conduct and has a copy in the local language been posted in the work area for employees to view? | Yes | No | N/A |
| <i>Legal Licenses/Registration</i>   |     |    |     |
| K2. Is an unexpired Business License kept onsite?  | Yes | No | N/A |

### L. Audits/Certificates

| <i>Social and Environmental Audits/Certificates</i>   |     |    |     |
|---|-----|----|-----|
| L1. Is an unexpired audit or certificate for social and/or environmental aspects available for the production facility? | Yes | No | N/A |
| L2. Please mark the applicable audit(s)/certificate(s):   |     |    |     |
| BSCI<br>ICTI<br>SA 8000<br>WRAP<br>Other (please indicate): _____   |     |    |     |