

2019/2020

THIRD PROGRESS REPORT BY TCHIBO GMBH

ON THE LEADERSHIP DECLARATION FOR THE
'BIODIVERSITY IN GOOD COMPANY' INITIATIVE

LEADERSHIP DECLARATION



Tchibo GmbH supports the three objectives of the international Convention on Biological Diversity:

- The conservation of biodiversity
- Sustainable use of the components of biodiversity
- Sharing the benefits arising from the commercial and other utilisation of genetic resources in a fair and equitable way

Tchibo expressed its support for these objectives by signing the Leadership Declaration for the 'Biodiversity in Good Company' initiative in 2015. Specifically, Tchibo GmbH committed to:

1. Analysing the impact of company activities on biodiversity
2. Including the protection of biodiversity and sustainable use of the components of biodiversity in its environmental management system
3. Establishing a responsible unit within the company to manage all activities related to biodiversity and to report to the management team
4. Defining measurable and realistic goals to better protect biodiversity and safeguard the sustainable use of the components of biodiversity, and to checking and adjusting these goals as required every two to three years
5. Publishing information on all activities and achievements in the field of biodiversity in the company's annual, environmental or sustainability report
6. Informing suppliers of its biodiversity goals and gradually introducing a mandatory requirement for suppliers to commit to the achievement of these goals
7. Initiating collaborations with potential partners such as conservation organisations and scientific or government bodies, with the aim of engaging in dialogue to build on specialist knowledge and improve the company's management system

This progress report, which is published every two years, sets out the key achievements of the work of Tchibo GmbH in the area of biodiversity.



**DOING BUSINESS
RESPONSIBLY IS
IN OUR DNA**



Intact ecosystems teeming with animals, plants and micro-organisms are essential to our lives and our economies. We can only grow the raw materials we need to produce Tchibo coffee, textiles, furniture and household products if we have access to healthy and fertile soil, and if there are insects to pollinate crops. We also rely on a steady supply of clean water and a predictable climate. Our risk assessments from 2009 and 2018 show that the regions where we rely most on our planet's intact ecosystems are also the regions where our activities have the greatest negative impact on biodiversity. The loss of habitats and native animal and plant species is particularly high in those places where our raw materials are cultivated or processed. To minimise the impact that our business activities have on the environment, we focus on protecting biodiversity in the countries where our raw materials come from and our products are produced..

Our goal is to protect and promote the diversity of plant and animal life and habitats in the high-risk areas in our supply chain. We concentrate our efforts on the following key levers of biodiversity protection:

- Sustainable crop cultivation and forestry for all of our natural raw materials, focusing in particular on coffee and cotton
- Climate protection and reduction of emissions along the entire supply chain
- Protecting water supplies in crop cultivation and raw material processing
- Creating long-lasting products made from sustainable materials that will enrich our customers' lives for years to come

Our holistic approach to environmental protection in our supply chains and our valued collaborations and partnerships bring us closer to our goals. Raising awareness in our supply chain and among customers and employees - combined with the knowledge that we can make a difference - motivates us on our journey.



PROGRESS REPORT FOR 2019 & 2020

1. Analysing the impact of company activities on biodiversity

In 2019 and 2020, we did not conduct any new analyses of the impact of our company activities on biodiversity. Instead, we started our work in the high-risk areas identified in our 2009 and 2018 analyses. Based on the results of our 2018 risk analysis, **Brazil, Vietnam, Honduras, Colombia and India** were defined as focus countries for

coffee; India was also defined as a focus country for cotton. In 2022/23, we will update this analysis and adapt our strategy based on the new findings.

2. Including the protection of biodiversity and sustainable use of the components of biodiversity in our environmental management system

Internationally recognised guidelines and standards act as the basis for our work. One of these guidelines is the **United Nations 2030 Agenda for Sustainable Development**. The 2030 Agenda, which was adopted in 2015, provides a global action plan for nations, companies and other stakeholders to resolve the greatest challenges facing our people and our planet. As part of the plan, 17 global Sustainable Development Goals (SDGs) were defined. The SDGs aim to safeguard life on earth in the long term and to preserve the natural resources we need to live on our planet. To achieve this, they incorporate economic objectives alongside environmental and social aspects. As a member of the United Nations Global Compact, our company contributes to the achievement of these goals. The goals form the framework that governs how we understand social and environmental responsibility and how we implement it across our product ranges, supply chains and processes.

In terms of biodiversity protection, SDG 15, "Life on land", is a particularly important goal for us, as the loss of habitats is one of the main factors driving biodiversity loss. To ensure that our planet's ecosystems are protected and utilised in the most sustainable way, we focus our actions in the field of biodiversity protection on the sustainable cultivation of our raw materials, such as coffee and cotton. Our objective: **To protect and promote the diversity of plant and animal life and habitats in the prioritised high-risk areas in our supply chain.**

Alongside circular economy, water conservation and climate protection, the protection of biodiversity is one of Tchibo's four strategic fields of action for environmental protection. Our work is guided by the most relevant SDGs →



In 2019 and 2020, we initiated and supported a number of new projects to bring us closer to this goal:

Coffee. In two of our identified high-risk regions for coffee - Vietnam and Brazil - we worked with the ECOFFEE Initiative. ECOFFEE was launched in 2020 to study the use of pesticides in coffee farming and its impact on insect biodiversity. The findings will be used to pave the way for reducing the use of synthetic pesticides in coffee farming. In the same year, we also launched a project in Brazil with the aim of identifying and promoting environmentally friendly coffee farming methods. In addition to the use of pesticides, the project is also investigating the reforestation of native vegetation along waterways and the use of climate-friendly cultivation techniques.

Cotton. In 2020, we also launched an organic cotton project in India - a high-risk area for cotton farming - in partnership with the GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and Fairtrade. Over a period of three years, this project will help more than 800 small-scale farmers to grow cotton without synthetic pesticides and fertilisers. This means that over 500 hectares of agricultural land will be farmed organically throughout this period. Alongside our activities in India, we joined forc-

es with other textile companies in 2019 to support the WWF's water stewardship project in the Büyük Menderes Delta. Farms in the project region are deploying and testing innovative irrigation methods and piloting agriculture techniques for cotton, with the aim of improving soil quality and fertility. The project is also creating sustainable financing opportunities in the region and promoting communication between local stakeholders, with the ultimate goal of building a more sustainable textile, leather and cotton industry in the area and minimising the conflict between economic growth and biodiversity. In 2020, 22,240 hectares of wetland habitats and other crucial ecosystems (such as forests) were protected, conserved or re-established.

In addition to the loss of habitats, other key drivers of biodiversity loss - including climate change and environmental pollution - are also relevant topics for Tchibo and our supply chains. As part of our water protection efforts, we have committed to **eliminating environmentally hazardous chemicals from the wet processing stages in our textile manufacturing** chain. 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. As part of our climate strategy, we **are reducing greenhouse gas emissions throughout our supply chain**: from reducing greenhouse gas emissions in coffee farming to reducing emissions in logistics

and coffee roasting. We can also reduce our impact on biodiversity **by using sustainable materials and recycled raw materials, and by producing high-quality, long-lasting products**. For us, biodiversity protection is not an isolated topic. It benefits from the close cooperation of colleagues working in different areas of the supply chain. For us, holistic environmental protection means protecting biodiversity.

3. Establishing a responsible unit within the company to manage all activities related to biodiversity and to report to the management team

Within the framework of an integrated management system, the entire Tchibo organisation strives to achieve the strategic core goal of "becoming a 100% sustainable business". In 2006, we founded the Corporate Responsibility Department, which serves as a central anchor for managing sustainability activities within the organisation. The

Directorate reports directly to the Chair of the Board. The topic of biodiversity is managed by one person from the environmental protection team.

4. Measurable and realistic goals that are checked and adjusted every two to three years

We believe that taking responsibility and running our business in the most environmentally friendly way possible is part of our corporate duty. As part of the global community, we contribute to the achievement of the SDGs. We focus our sustainability activities on the SDGs **where our business model, supply chains and product ranges have the greatest impact**. In 2020, we set out our **ambitions and environmental goals** for climate, water, biodiversity and circular economy based on the SDGs that we identified as relevant to us: Clean water and sanitation (SDG 6), Responsible consumption and production (SDG 12), Climate action (SDG 13) and Life on land (SDG 15). We set out three to five specific annual objectives that apply to our entire value chain. These objectives - which are both quantitative and qualitative - are reviewed every six months and used as the basis for planning the relevant actions. We decide on our actions and activities based on the principles of importance and impact: Where does Tchibo have the greatest possible influence and how can a scalable impact be achieved?

By 2025, we are aiming to launch stewardship projects for water and biodiversity protection in all high-risk regions. Furthermore, we have used our higher-level environmental goals to define specific objectives for our products, which will - alongside the four fields of action and the SDGs - help us to become a 100% sustainable business.

In textiles, we are focusing on using sustainable materials and processing these materials without chemicals that pose a hazard to people or our planet.

Our objectives ▾



Water for people and for the planet is protected in all high-risk areas throughout our supply chain.



All Tchibo products support the circular economy, with at least one circular economy criterion factored into the product design.



Our company is contributing to the achievement of the 1.5 degree goal. By 2030, we will have cut our CO₂ emissions in half. Our CO₂ emissions will fall by 51% in Scope 1 & 2 (and 15% in Scope 3) compared to 2018.



We protect and promote the diversity of plant and animal species and habitats in the prioritised high-risk areas in our supply chain.

Objectives for textiles ▾

By 2025, 100% of Tchibo textiles will be made with sustainable materials.

- ↳ By 2022, 100% of our cotton will come from sustainable sources.

96 %

- ↳ By 2025, 100% of the cellulose-based fibres will be sourced from sustainable wood.

95 %

- ↳ By 2025, 100% of the synthetic fibres will come from recycled sources.

11 %

- ↳ By 2025, 100% of wet processing factories have a waste water test or chemical inventory check.

67 %

- ↳ By 2023, 100% of textiles are produced in detox improved wet-processing factories.

80 %

- ↳ By 2023, 50% of Tchibo non-food products will be produced in environmentally optimised factories.

In progress

Objectives for hard goods ▾

By 2025, of Tchibo hard goods will be made from sustainable materials or have a durable design.

5. Publishing information on all activities and achievements in the field of biodiversity in the company's sustainability report

Each year, Tchibo GmbH publishes a transparent and comprehensive report on the company's activities in the areas of economic, environmental and social responsibility. This report also sets out our sustainability actions and progress towards our objectives. Key information is avail-

able at tchibo-nachhaltigkeit.de/en, in the most recent **Sustainability Report** and in the **Tchibo Sustainability Magazine**.

6. Informing suppliers and requiring them to commit to our goals

The Tchibo Code of Conduct is part of all our contractual relationships, which means that our business partners are required to comply with the Code and commit to protecting our planet when they start working with us. **Together with our suppliers, we are working to gradually reduce our impact on the environment.** To help our partners with their efforts, we offer a range of support

packages, including our qualification programme. Other examples are the 'Tchibo Joint Forces!® Programme' for sustainable and environmentally friendly coffee farming, and the mandatory training provided for our wet-processing plants as part of the 'DETOX' programme.

7. Exploring collaborations with potential partners

We know that we can't tackle these challenges alone; **working together is crucial to protecting our environment.** Our value creation chains are structurally and politically complex, so we rely on co-operation and dialogue with relevant stakeholders from politics and business, as well as non-governmental organisations and unions. Over the past two years, we have continued to embark on new partnerships and projects, including our projects with the WWF in Turkey and the GIZ and Fairtrade in India. In 2019 and 2020, we also participated in the Science Based Tar-

get Network, The Microfibre Consortium, the Textile Exchange Biodiversity Benchmark working group and the UNFCCC Fashion Industry Charter for Climate Action. A complete overview of the initiatives we have participated in is available online at: **Memberships**

