



Sustainability report 2016



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About Tchibo

Tchibo represents with a unique business model. The company operates more than 1,000 Tchibo shops, approximately 22,300 concessions (Depots), and national online shops, in eight countries. Tchibo uses this multichannel to offer its customers – besides coffee and the Cafissimo single-serve system – weekly changing Non Food ranges and services such as travel and mobile communications. In 2016, Tchibo generated revenues of €3.3 billion with an international workforce of around 12,000 employees. Tchibo is the roasted coffee market leader in Germany, Austria, Poland and Czech Republic, and one of the leading e-commerce companies in Europe.

The family business founded in Hamburg in 1949 has won several awards for its sustainable business policy: the Business Ethics Award and Logistics Sustainability Award in 2012, and the German Federal Government as well as the European Commission's CSR Award in 2013. In 2016, Tchibo was awarded the German Sustainability Award as Germany's Most Sustainable Large Company.

Our Aspiration

As a family business, Tchibo is guided by the model of the 'honourable merchant': we think long-term and see it as an entrepreneurial duty to take responsibility for our actions. On our way to a 100 % sustainable business, we therefore take into account the effects that our material processes and products have on human health and the environment, thus safeguarding our own economic success long-term.

We firmly believe that our business must not be conducted at the expense of people and the environment.



► About this report

Transparency and comparability

In the Tchibo Sustainability Report 2016, we provide transparent and comprehensive information about our economic, ecological and socially responsible activities. We are addressing our internal and external stakeholders as well as the interested public. The focus of our reporting is on our progress towards becoming a 100 % sustainable business

Since 2006, sustainability has been an integral part of Tchibo's business strategy. We report annually on the actions taken and progress made in the sustainable management of our business. Our activities focus on the Coffee and Consumer Goods supply chains, on environmental protection at our sites and during transport, on customers and products, and Tchibo employees. The material issues were identified with the involvement of our stakeholders and continually fine-tuned based on targeted stakeholder consultations as well as additional analyses.

Scope of reporting and data collection

All of the information in this report refers to the sustainability-related activities of Tchibo GmbH and its operations in Germany. This includes our company headquarters in Hamburg, our roasting plants in Hamburg and Berlin, and our warehouses. Our international business units are also included provided they use centrally controlled processes and products.

This fourth, completely revised Tchibo Sustainability Report covers the developments in 2016 (1 January to 31 December 2016). We have also taken into account significant events and achievements up to the editorial deadline in August 2017, to ensure that the information is up to date. Since the publication of the first Tchibo Sustainability Report in 2008, we have reported on an annual basis, every two years in the form of a condensed update. The publication of the Tchibo Sustainability Report 2017 is scheduled for spring 2018.

First application of the GRI standards

Since 2008 our sustainability reporting has been based on the guidelines of the Global Reporting Initiative (GRI), an internationally recognised basis for comparability and transparency. This Sustainability Report 2016 marks the first time we are using the GRI standards that become binding from 2018. The materiality of the report content played a key role in the revision of the standards. This is why in this report, we focus more on our key topics and particularly meaningful indicators than in previous years; this selection is based on an analysis of the G4 standards that we conducted in 2016. The report therefore corresponds to the GRI Standards 'Core option'.

We also report other indicators that are related to Tchibo's own focuses in its sustainability management. Since 2012, we have also taken into account the GRI additional protocol for the food industry, and the industry-specific supplementary indicators for the clothing and footwear industry, which exist as a pilot version.

Global Compact Communication on Progress and German Sustainability Code

This Sustainability Report also includes the Advanced Level Communication on Progress to the UN Global Compact, whose ten principles we have been committed to since joining the Compact in 2009. Based on the 21 'GC Advanced' criteria, we provide information on key issues of our value chains, such as compliance with human rights and labour standards, environmental protection and anti-corruption. You can find an overview of these topics in under facts & figures.

Beyond this, the Tchibo Sustainability Report 2014 serves as the basis for our Declaration of Conformity in accordance with the Sustainability Code (DNK), issued by the Council for Sustainable Development (RNE). With this Code, the RNE seeks to make the sustainability performance of companies more stringently transparent and comparable. You can find an overview under facts & figures.

External audit by auditing firm

The Sustainability Report 2016 of Tchibo GmbH, Hamburg was audited by the independent auditing firm Ernst & Young according to the International Standard on Assurance Engagements (ISAE) 3000. The subject matter of the audit was the management approach to, materiality of and four key indicators in our strategic action areas: Coffee and Consumer Goods value chains, environmental protection at our sites and during transport, as well as customers and products. The audited data is labelled with an  in the text, in the GRI Content Index, and in the Overview of Key Indicators. The complete audit certificate can be found at the end of this report under facts & figures.

Your opinion matters

If you have any questions or suggestions in connection with the Sustainability Report or with corporate responsibility at Tchibo, you can find the relevant contact at the end of this report.

Foreword

Dear Readers,

In 2006, we set out on our way to becoming a 100 % sustainable business. As a Hamburg-based family business, we aspire to the role of an 'honourable merchant': we focus on long-term commercial success by managing our businesses in a values-driven way. We earn the trust of our customers with high product and process quality, environmentally and socially responsible manufacturing, fair prices, and the best service.

As an internationally operating trading company, we take responsibility for acting sustainably at all levels of our business. This is no easy task in a globalised world characterised by a division of labour, with complex purchasing and trading structures. Conserving resources, protecting our climate, mitigating the consequences of climate change, and enforcing human rights requires innovative approaches, strong alliances, and clear international and national rules, such as the Sustainable Development Goals (SDGs), the United Nations Guiding Principles on Business and Human Rights, and the National Action Plan on Business and Human Rights (NAP).



Back in 2009, we joined the United Nations Global Compact, a voluntary alliance of companies and organisations that advocate human rights, fair working conditions and environmental protection around the globe.

Sustainability Balance Sheet 2016

On our way towards a 100 % sustainable business, we have the following results to report for 2016:

36 % of the green coffee we use for our coffee assortments is certified or validated as sustainable. Every second, we serve a cup of certified sustainable coffee in our Tchibo shops. However, we are not happy with this result, as we have to report a reduction in sustainable grades compared to the previous year. We are working hard on a programme in Brazil and other regions that will advance the sustainability of Arabica and Robusta coffees on a broad scale, and ensure a greater supply of such grades.

80 % of our textiles are made from sustainable cotton. We are the world's third-largest vendor of textiles made from organic cotton. While this fills us with pride, we haven't forgotten that only about 12 percent of the global cotton crop is produced in sustainable ways. In 2016, we became a member of the Organic Cotton Accelerator, a multi-stakeholder initiative in which we work with protagonists in the international cotton industry to strengthen and expand organic cotton farming, and to build an internationally viable market for organic cotton.

We also use responsibly managed sources for wood and pulp, other raw materials we need. Our shipping boxes, magazines and catalogues are made 100 % from FSC®-certified paper. The overall share of sustainable wood products in our range was around 40 % in 2016.

During the reporting period, we successfully continued our qualification programmes. Tchibo Joint Forces!® supports coffee farmers in the gradual shift from conventional to environmentally, socially and economically sustainable coffee farming. More than 30,000 farmers have now successfully completed the programme. Add to that approximately 50,000 farmers whose sustainable development we support under our International Coffee Partners (ICP) cooperation programme.

With the Worldwide Enhancement of Social Quality (WE) supplier qualification programme, which we conceived in cooperation with Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) GmbH (German Society for International Cooperation) in 2007, we have now reached more than 340,000 employees in 342 consumer goods factories worldwide.

However, in seeking to ensure sustainability in the internationally interconnected supply chains, we do encounter the limits of our influence as a single company. Which is why we partner with other players to jointly tackle systemic challenges through innovative programmes. In the coffee industry, for example, we work primarily through the Global Coffee Platform (GCP), established in 2016, to shape a sustainable international coffee industry. In the Accord on Fire and Building Safety in Bangladesh, and the Alliance for Sustainable Textiles initiated by Germany's federal government, we work for sustainability in the complex international supply structures for consumer goods. In September 2016, Tchibo became the first German trading company to sign a framework agreement with the IndustriALL Global Union. The idea is to make it easier for employees and trade unions at Asian consumer goods factories in particular to negotiate wages, benefits and working hours, both in-house and industry-wide.

We have abolished free single-use plastic bags in our Tchibo shops, introduced reusable takeaway cups for coffee, and now offer 100 % recyclable Cafissimo coffee capsules. Under the umbrella of the 'Wir zusammen – Integrationsinitiative der Deutschen Wirtschaft' (We Together – Integration Initiative by German Business) platform, we do our part to provide humanitarian relief to refugees and support their integration into society.

In 2016, in recognition of our achievements, we received the German Sustainability Award as Germany's Most Sustainable Large Company.

All this and much more is the result of the dedicated cooperation of many people outside and within our company. I would particularly like to thank our employees, who work for sustainability on a daily basis with great energy and conviction, and our customers, who place their trust in us and reward us for our efforts with their decision to buy.

In this Sustainability Report we report comprehensively on our achievements, future measures, and recent developments in 2017. I wish you an enjoyable read and look forward to your suggestions or requests, as well as any constructive criticism.

Yours sincerely,

Thomas Linemayr

► **Aspiration, strategy and management**

Responsible Corporate Governance: Securing the future with a proven guiding principle

For over 65 years, the Hamburg family-owned company Tchibo has modelled itself on the ideal of the ‘honourable merchant’. We think long term and see it as our entrepreneurial duty to take responsibility for our actions. Building on this principle, we made sustainability an integral part of our business strategy in 2006. We consider the impact of our business operations on people and the environment in our key processes and products, and thus safeguard our commercial success far into the future.

Enjoyment and quality are hallmarks of the Tchibo brand. To be able to continue delivering on this claim in the future, we have integrated sustainability in our business strategy, the Tchibo DNA, and in our Code of Conduct since 2006. We combine our pursuit of revenues and profit with ecological, social and societal responsibility, because an intact natural environment as the basis and source of high-quality products, ensuring human rights in the supply chain, reliable cooperation with responsible business partners, passionate employees, and the trust of our customers are crucial determinants of the future viability of our business.

In August 2011, we went a step further and set the following strategic core objective: Tchibo is on the way to becoming a 100 % sustainable business. In line with this, we are progressively designing our business processes and products to be environmentally and socially compatible, because our commercial success must not be at the expense of people and the environment. We place particular emphasis on the areas where we have the greatest influence and thus the greatest possible leverage. We want the Tchibo brand to be synonymous with sustainability and to be perceived as such by our stakeholders.

In the firm conviction that a sustainable business safeguards our company’s future, we will continue on our path with full strength. We take our cue from international guidelines such as those of the OECD, the fundamental principles of the ILO and the United Nations Guiding Principles on Business and Human Rights. As a responsible company, we want to continue making significant contributions to sustainable development and to achieving the Sustainable Development Goals (SDGs).

Ten years of sustainability: experiences and insights

Over 10 years ago, we embarked on the path to becoming a 100 % sustainable business. We have achieved a great deal since then: we have managed to set milestones and advance important issues. We identify challenges, tackle them, and work on innovative solutions. In the past ten years, we have also experienced some mishaps, especially when we came up against the limits of what we can do as a single trading company. But we draw valuable insights for the further development of our focus on sustainability from our successes as well as our setbacks. The experiences of the past ten years have strengthened our determination to continue pursuing the goal of becoming a 100 % sustainable business and thus safeguarding Tchibo’s future viability. To implement this goal, we have developed a management system and firmly anchored it in the company.

In dealing with the key sustainability issues, we also involve our stakeholders. Maintaining a dialogue with them is important in order to identify and evaluate key issues and expectations, and prioritise measures. This is the only way we can set the right course for the diversity and global dimension of the challenges. Accordingly, we have developed a roadmap setting out the key measures, and also clearly delineating the areas in which we can achieve improvements as a single company – for example, through our WE qualification programme for our consumer goods producers or our Tchibo Joint Forces![®] qualification programme for coffee farmers – and where we can only achieve changes in cooperation with other stakeholders.

Into the future with innovation and cooperation

From this, two strategically important instruments were derived, which we will increasingly focus on in future: cooperation and innovation. Cooperation in order to increase leverage and jointly develop solutions for systemic and structural challenges with other protagonists and stakeholders. Innovation, because ground-breaking new ideas and measures are needed in response to the depletion of resources, loss of biodiversity, climate change, demographic change and other global challenges.

Transparency is an essential prerequisite for implementing social and ecological standards in our value chains. We are currently working on achieving even greater transparency about the upstream stages of the supply chain for consumer goods.

Another important prerequisite for bringing about change and promoting sustainable consumption is kindling our customers' enthusiasm for sustainable products. We only achieve this through credible and easily understandable product and process communication. We are working flat out on this.

Responding effectively to current and future developments

In 2016, Tchibo once again further developed its focus on sustainability – also with a view to current challenges in politics and society.

Exchange with stakeholders

In the process of bringing our business in line with economic, ecological, social and societal criteria, it is important for us to purposefully involve our internal and external stakeholders. We learn about different expectations, receive impulses and specific suggestions at an early stage and build up a trusting relationship with our stakeholders. That is why we are a member of the most important alliances and initiatives and are often involved in innovation processes - both at company and societal level. In various events and forums, we have entered into an exchange with our stakeholders.

We entered into an exchange with our stakeholders at various events and forums. In 2016, we focused on reviewing ten years of sustainability, from which, together, we have derived knowledge for the future. To celebrate the tenth anniversary of Tchibo's strategic corporate responsibility, we invited representatives from the worlds of business, politics, associations, non-governmental organisations and trade unions to a dialogue event under the heading "Mit Kraft aus der Nische – wieviel Pflicht verträgt/braucht Nachhaltigkeit? ("Powering out of the niche – How much obligation will sustainability tolerate?") in November 2016. Former German Foreign Minister Joschka Fischer, Dr Gisela Burckhardt of FEMNET e.V., Kirsten Brodde of Greenpeace, State Chair of the FDP Hamburg Katja Suding, Gerd Billen, Parliamentary Secretary of State for Consumer Protection, and our CEO discussed how sustainability can be taken out of the niche and further advanced in the interplay between voluntary efforts and regulation.



As long there is no legal framework at European level for implementing ecological and social duty of care in the global supplier structures, we at Tchibo rely on voluntary commitments. We either fulfil them alone or in cooperation with other stakeholders or initiatives – depending on their level of complexity.

Global Coffee Platform

In 2016, Tchibo was involved in the founding of the Global Coffee Platform (GCP), a merger of the Sustainable Coffee Programme (SCP) and the 4C Association. The goal of GCP is to unite all the key players and initiatives in the coffee sector – private as well as public – in a global alliance to jointly address sector-wide issues. As part of the GCP, Tchibo plays an active role in shaping a sustainable coffee sector. At the beginning of 2017, a Memorandum of Understanding was signed with the German Federal Ministry for Economic Cooperation and Development (BMZ) regarding possibilities for cooperation.



Partnership for Sustainable Textiles

In 2015, we joined the Partnership for Sustainable Textiles, initiated by the Federal Minister for Economic Cooperation and Development. The aim of this alliance of companies, non-governmental and standards organisations, trade unions, business, and politics is to improve social and environmental standards across the entire textile value chain.



Tchibo is active in all of the Alliance's working groups. In August 2017, as part of the Alliance, we published our 'roadmap' for 2017. It contains 15 measures to further improve the environmental and working conditions in our textile supply chains.

Detox Commitment

In October 2014, we signed and published the Detox Commitment initiated by the environmental protection organisation Greenpeace. In doing so, we pledged to eliminate the use of undesirable chemicals in production processes, especially those of our textile suppliers, by 2020, and to create closed-loop material cycles. We are now implementing this ambitious goal step by step. Our extensive 'closed-loop' concept pursues the goal of closing material cycles, thereby conserving valuable resources while at the same time making consumption more sustainable. For us, this means that even at the product design stage, we develop our products in such a way that they can be produced with recycled or renewable resources as far as possible, that they are durable, and at the end of their useful life can be repurposed for high-end recycling.



Accord on Fire and Building Safety in Bangladesh

In 2012, Tchibo was the second company in the world to sign the 'Accord on Fire and Building Safety in Bangladesh', and contributed to its coming into force, its improvement, and its ongoing implementation.



Framework agreement with IndustriALL Global Union und ACT

In September 2016, Tchibo became the first German trading company to sign an international framework agreement with the IndustriALL Global union. This idea is to make it easier for workers and trade unions in the factories to negotiate wages and benefits with factory owners and management. We also work with the IndustriALL Global Union and other international trading companies in the ACT (Action, Collaboration, Transformation) initiative to secure living wages and industry-wide collective bargaining between social partners in the global clothing industry.



Responsible consumption

We have also joined a voluntary commitment by business associations in Germany and Austria to stop providing free plastic bags. We have successfully implemented this since January 2016 in Germany. As a result, we were able to cut the number of free bags given out at our Tchibo shops in Germany by nearly 90 %. In Austria, we have entirely stopped giving out plastic bags since 2016 this counts up for a reduction of 80 %. As second voluntary commitment, we have decided to systematically use reusable cups for 'coffee to go'. We introduced our own reusable cups solution for our coffee bars in the Tchibo shops, and are also participating in the trial phase of the Kehr wieder-Becher initiative to test the introduction of a deposit system for reusable cups in Hamburg city centre (see further information in chapter customers & products and chapter environmental protection).



Tackling political and societal challenges

Tchibo intensively examines current political and societal challenges and develops specific measures for sustainability management.

Sustainable Development Goals

Sustainability has been integrated into Tchibo GmbH's corporate strategy since 2006. From the beginning, this has included our working towards the United Nations' eight Millennium Development Goals. In 2015, the United Nations formulated 17 Sustainable Development Goals (SDGs) based on the Millennium Development Goals. We regard the SDGs as a global framework for our sustainability agenda, and seek to contribute to their fulfilment.



National action plan for business and human rights

We see the Guiding Principles on Business and Human Rights adopted by the United Nations in 2011 as another formative development. Based on existing human rights commitments such as the International Human Rights Charter and the fundamental conventions of the International Labour Organisation (ILO), they for the first time provide a universally accredited frame of reference that imposes some of the responsibility for respecting human rights in global supply and value chains, and for preventing human rights violations, on companies. We are aware of this business responsibility and integrated respect for human rights into our business practices many years ago.

EU reporting obligation

The regulations implementing the EU Non-Financial Reporting Directive enter into force in 2017. Although the associated obligation of expanded non-financial reporting does not apply to us as a family-owned company, we will continue to provide transparent and comprehensive information on the results of our sustainability management. We follow the principle of transparent and comparable annual reporting that has been established at Tchibo since 2008. The present Sustainability Report 2016, which has been prepared in accordance with the internationally recognised standards of the Global Reporting Initiative (GRI), we also take into account the requirements of the Non-Financial Reporting Directive and thus contribute to the transparency of a sustainability-driven way of doing business.

Germany's New Packaging Act

The new German Packaging Act, which was adopted by the Bundestag and comes into effect in 2019, stipulates further recycling and reusability requirements for business. Together with the Handelsverband Deutschland (HDE), the German Industrial Plastic Packaging Association (IK), the Federation of German Food and Drink Industries (BVE), and our supermarket concession (Depot) partners and other companies, we proposed practical and sustainability-promoting regulations for packaging design, collection, licensing and disposal which are reflected in the legislation.

National Programme for Sustainable Consumption

The German Government's National Programme for Sustainable Consumption is meant to promote sustainable consumption in the areas of home living, mobility, nutrition, office and work, clothing, as well as tourism and leisure. The programme specifies goals and measures that are linked with existing strategies, funding programmes and regulations. The German Government also wants the programme to serve as a platform for social discourse on the evolution of consumer behaviour. Tchibo has for many years promoted responsible consumption by offering sustainable product ranges, and expressly welcomes the programme.

Corporate Citizenship

As a family-owned company and an active corporate citizen, we feel it is a matter of course to get involved and take responsibility beyond the limits of our own business activities.

Tchibo seeks to promote better living conditions in the countries of origin with its own collaboration projects. Based on the principle of helping people to help themselves, we team up with partners to offer primarily educational and vocational programmes for children, youths and adults in the coffee-growing countries of Central America and East Africa, and the cotton-growing countries of sub-Saharan Africa.

In 2016, societal discourse was dominated by the issue of refugee aid and the integration of displaced persons. This is a challenge of great relevance to global society that we tackled and responded to within the scope of our possibilities as a business. For example, we are involved in a three-stage action plan for displaced persons in the distribution countries Germany, Austria and Turkey: we provide internships and apprenticeships, enable our employees to volunteer their time for support activities at a refugee reception centre and a school, and supply relief organisations with donations in kind as needed.



One broad-based aid campaign was our 'Tchibo Weihnachtswunder' (Miracle of Christmas) campaign in 2016. We donated 100,000 gift packages for people in need all over Germany to the Bundesverband Tafel e.V. charity. These packages mainly contained winter clothes, practical household items, cuddly toys, and coffee. On top of this, there were 177,328 Christmas packages filled with Tchibo items 'from our customers': During the promotional period, 20 cents per €10 in sales to our customers were donated to the 'Tchibo Weihnachtswunder' campaign, and used to put together the Christmas packages. Beyond this, Tchibo employees fulfilled the wishes of children who depend on the help of the Hamburg Tafel charity with gifts worth up to €25 as part of the 'Wunschzettel' (wish list) campaign.

The National German Sustainability Award 2016

The fact that the German Sustainability Award judges picked Tchibo as Germany's Most Sustainable Large Company in 2016 tells us that we are on the right track with our sustainability efforts. The judges praised Tchibo for its pioneering role and voluntary commitments in the consumer goods sector.



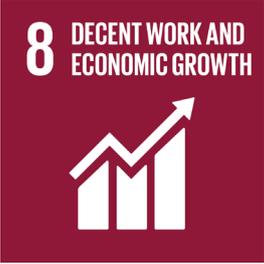
► Sustainable Development Goals

Sustainable Development Goals: for sustainable global development

At its 2015 General Assembly, the United Nations adopted the Sustainable Development Goals (SDGs), which replace the eight Millennium Development Goals. 193 countries agreed on 17 goals, comprising 169 sub-goals. The SDGs combine the social, environmental and economic dimensions of sustainability. Their targets go far beyond the Millennium Goals, which are regarded as a global frame of reference for jointly combating poverty and hunger in industrialised, developing and emerging countries.

Their content provides a framework for action, among other things for ensuring a sustainable approach to the production of goods and development of services, for establishing fair incomes and wages, preserving the environment and biodiversity, safeguarding a secure food supply, for equality of women and men, and boys and girls, and for the right to education.

Sustainable Development Goal	Measures
 <p>1 NO POVERTY</p>	<p>Tchibo Joint Forces!®</p> <p>Appachi ECO-LOGIC Project</p> <p>Tchibo Supplier qualification program WE (Worldwide Enhancement of Social Quality)</p> <p>Transparent and sustainable supply chain in Ethiopia: The Ayka textiles factory</p>
 <p>2 ZERO HUNGER</p>	<p>Tchibo Joint Forces!®</p>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Tchibo Joint Forces!®</p> <p>Sustainable resources and products</p> <p>Appachi ECO-LOGIC Project</p> <p>Framework agreement with the international umbrella union IndustriALL Global Union for freedom of assembly and the right to collective bargaining</p> <p>Bangladesh Fire and Building Safety Accord</p> <p>Industry-wide wage negotiations between equal social partners in the global initiative ACT (Action, Collaboration, Transformation)</p> <p>Transparent and sustainable supply chain in Ethiopia: The Ayka textiles factory</p> <p>Detox Commitment</p>
 <p>4 QUALITY EDUCATION</p>	<p>Tchibo Joint Forces!®</p>
 <p>5 GENDER EQUALITY</p>	<p>Tchibo Joint Forces!®</p> <p>Appachi ECO-LOGIC Project</p> <p>Tchibo Supplier Qualification P WE (Worldwide Enhancement of Social Quality)</p>

Sustainable Development Goal	Measures
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Tchibo Joint Forces!®</p> <p>Sustainable resources and products</p> <p>Appachi ECO-LOGIC Project</p> <p>Detox Commitment</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Tchibo Joint Forces!®</p> <p>Tchibo Supplier qualification program WE (Worldwide Enhancement of Social Quality)</p> <p>Framework agreement with the international umbrella union IndustriALL Global Union for freedom of assembly and the right to collective bargaining</p> <p>Bangladesh Fire and Building Safety Accord</p> <p>Industry-wide wage negotiations between equal social partners in the global initiative ACT (Action, Collaboration, Transformation)</p> <p>Transparent and sustainable supply chain in Ethiopia: The Ayka textiles factory</p> <p>Detox Commitment</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>Industry-wide wage negotiations between equal social partners in the global initiative ACT (Action, Collaboration, Transformation)</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Tchibo Joint Forces!®</p> <p>Sustainable resources and products</p> <p>Appachi ECO-LOGIC Project</p> <p>Closed Loop: From capsule to dish brush</p> <p>Transparent and sustainable supply chain in Ethiopia: The Ayka textiles factory</p> <p>Sustainability communications</p>
 <p>13 CLIMATE ACTION</p>	<p>Tchibo Joint Forces!®</p> <p>Sustainable resources and products</p> <p>Closed Loop: From capsule to dish brush</p> <p>Transparent and sustainable supply chain in Ethiopia: The Ayka textiles factory</p>

Sustainable Development Goal	Measures
 <p>14 LIFE BELOW WATER</p>	<p>Detox Commitment</p>
 <p>15 LIFE ON LAND</p>	<p>Tchibo Joint Forces!® Sustainable resources and products</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Tchibo Joint Forces!® Framework agreement with the international umbrella union IndustriALL Global Union for freedom of assembly and the right to collective bargaining Bangladesh Fire and Building Safety Accord Industry-wide wage negotiations between equal social partners in the global initiative ACT (Action, Collaboration, Transformation) Detox Commitment</p>

As an international trading company, we operate within global structures and take advantage of/benefit from/ make use of the global division of labour. Therefore, we consider it part of our corporate responsibility to make our contribution to the implementation of the SDGs. For us, the SDGs are particularly relevant in regard to product definition and the international value chains. With our environmental and social programmes in the key areas of our business, we not only safeguard the future viability of our company, but also contribute to the implementation of the global development targets, as the following examples demonstrate:

Sustainable product development: Coffee

On our way towards becoming a 100 % sustainable business, we are supported in the coffee-growing regions by internationally recognised organisations that have pooled their expertise into environmental and social standards. In 2016, the share of certified or validated sustainable green coffee used for Tchibo products was 36.3 %. With our Tchibo Joint Forces!® qualification programme, which we developed and introduced in 2012, we support smallholders in gradually transitioning from conventional to environmentally and socially acceptable and economically sustainable coffee farming. In cooperation with green coffee exporters and traders, standards organisations, governmental and other non-governmental organisations, coffee farmers are systematically supported with training and qualification modules. By 2016, qualification measures were carried out at more than 30,000 of the coffee farmers who are part of the Tchibo value chains in Central and South America, East Africa and Asia. Add to that around 50,000 smallholders who are earning International Coffee Partners (ICP) qualification, with comparable focus areas. This already covers about one third of the coffee farmers who work for us all over the world. We will continue these programmes in future, and put them on an even broader base with development measures.

Our interventions for sustainable product and process development of coffee contribute in total to eleven of the 17 SDGs. At the same time, we must emphasise the reduction of poverty and hunger, the promotion of healthcare and equality as well as measures for the protection of the climate and environment.

Sustainable product development: consumer goods

In Non Food, our focus in expanding our sustainable product ranges is on textiles made of cotton and viscose, and furniture and handcraft utensils made of wood and cellulose. We apply the environmental and social standards of internationally recognised organisations. In the sales year 2016, for example, the percentage of textiles containing cotton from certified or validated sustainable cultivation amounted to 80 %. By 2020, we intend to use 100 % sustainable cotton for our Tchibo cotton textiles. Tchibo is already the world's third-largest processor of organic cotton.

Besides using sustainable materials in our products, we are increasingly working to implement closed-loop concepts. We strive to use more and more recyclates in the production of our products, thereby conserving resources. Our closed-loop concept also includes implementing the targets of the Detox Commitment initiated by Greenpeace to detoxify the production of consumer goods and reduce water pollution. At this time, the main focus of our activities is on Chinese textile production.

Tchibo has consolidated its supplier pool in the predominantly Asian and eastern European procurement markets with a view to social acceptability, limiting it to suppliers with the best quality, delivery, environmental, and social performance. In this way, we increase transparency and our influence on the enforcement of social and environmental standards. We work closely with local producers as part of our WE (Worldwide Enhancement of Social Quality) supplier qualification programme, which was launched in 2007. Through a moderated dialogue between factory owners, management and employees as well as their representatives and Tchibo Procurement, our suppliers are supported in implementing comprehensive social and environmental requirements at their factories and, step by step, in the upstream supplier stages. 75 % of Tchibo's consumer goods are already produced by WE qualified suppliers.

All in all, our interventions for the sustainable product and process development of consumer goods contribute to 12 of the 17 SDGs. The reduction of inequality through our WE qualification programme merits a special mention here.

► Management

Clear guidance: Our sustainability management system



We follow three principles in the sustainable design of our products and processes at our company and in our supply chains:

Our Code of Conduct forms the ethical 'basis for doing business' for all employees, no matter their hierarchy. In it, among other things we commit to full compliance with the law and transparency, as well as to continuously improve the ecological, social and societal aspects of our business processes.

Building on this, in the Tchibo DNA we make the following pledge: we take responsibility for the ecological and social repercussions of our actions.

In putting the guidelines into practice in our operations, we concentrate on the products and processes that have the biggest impact on people and the environment, and where our company is most able to exert influence.

For employees: Code of Conduct



The Tchibo Code of Conduct (CoC) contains the guiding principles that govern our business activity. It is binding for all employees of Tchibo GmbH and the international business units, and also governs our dealings with business partners and customers. The CoC is based on the conventions of the International Labour Organisation (ILO) and among other things prohibits all forms of corruption and granting or accepting of an undue advantage. If an employee violates any of the principles, they face sanctions under labour law. In 2017, we updated the Code of Conduct to help employees better understand its underlying guidelines, and make them easier to apply.

For suppliers and business partners: Social and Environmental Code of Conduct

The Tchibo Social and Environmental Code of Conduct (SCoC), which we developed in cooperation with stakeholders, forms the basis of work with Non Food business partners. It mandates lawful and ethical conduct for our suppliers, business partners and service providers. Among other things, it defines minimum requirements for working conditions and environmental standards in the production of our consumer goods, and is the basis of all purchasing contracts.

In 2016, we revised and supplemented the SCoC to reflect our increased environmental requirements as well as various voluntary commitments. These include our Detox Commitment and our participation in the Partnership for Sustainable Textiles.

In the preamble of our SCoC, we have expanded the principles we orient ourselves by: besides the Rio Declaration of 1992 and the United Nations Guiding Principles on Business and Human Rights, we explicitly recognise the ILO Declaration of Principles on Multinational Enterprises and Social Policy, the principles of the United Nations Global Compact, and the OECD Guidelines for Multinational Enterprises. We share the vision of a sustainable future as set out in the United Nations 2030 Agenda for Sustainable Development, and are working to implement social and environmental standards in our supply chains.

Since 2006, the SCoC has codified the ban on child labour as defined by the ILO conventions. In 2016, we intensified the requirements our suppliers must meet in the event of impermissible child labour. In the event that impermissible child labour is detected at a factory, the supplier is obliged to take remedial measures and preventive measures, and to document them in a traceable manner for future reference.

With regard to our Detox Commitment, we have added an environmental requirement to the SCoC: All factories that produce consumer goods for Tchibo must have an effective Chemicals Management System (CMS) in place. It must document the entire lifecycle of chemicals, including their purchase, storage, transportation, use, safe disposal, and release of chemicals respectively.

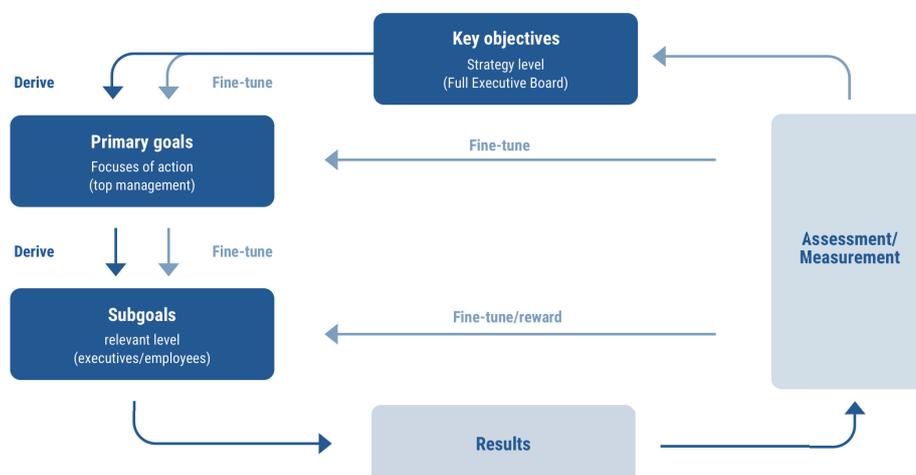
► Organisation & management

Firmly anchored: responsibilities, key objectives and topic management

Sustainability management is integrated into all departments and anchored at all levels in our company. Its overall coordination and management is in the hands of the Corporate Responsibility directorate, which was created in 2006. The Corporate Responsibility Director reports directly to the Chairman of the Board and, together with his employees, supports the departments in implementing and further developing their sustainability goals. The Corporate Responsibility directorate also coordinates higher-level and department-specific stakeholder management. The company's Data Protection Centre is also organisationally linked to it, giving it direct and unrestricted access to the Management Board.

	Setting targets and adopting targets/ interim targets	Measures and projects to achieve targets and interim targets	Review, including reporting	Communication	External communications on sustainability	Data protection	Issues Management/ risk management
CEO	●		●	●	●	●	● (information)
Management	●		●			●	● (information)
Supervisory Board	● (information)		●			● (information)	● (information)
maxingvest AG	● (information)		●			● (information)	● (information)
Works council	●		●			●	● (information)
Product departments	●	●	●	●		●	
Processes/Sales departments	●	●	●	●		●	
Legal department	●	●				●	●
HR department	●		●			●	
Corporate communication/ other functions		● (support)		●			● (Information/collection)
Working groups	●	●				●	
Corporate Responsibility department	●	●	●	●	●	●	●

Keeping in mind the overall strategic goal of ‘Tchibo on the way towards becoming a 100 % sustainable business’, the departments develop guidelines for necessary processes of ecological and social transformation. To achieve these key objectives, each department formulates sub-goals and develops measures for their implementation. Integrated into the company-wide target system, the departments’ key objectives and sub-goals and their fulfilment also affect the fixed and variable components remuneration of employees across all hierarchical levels.



Each year, the Corporate Responsibility directorate checks the extent to which the departments’ sub-goals have been achieved, and reports the results once to the Chairman of the Management Board (CEO) - after consultation with the departments. If necessary, the targets for the following business year are adjusted, and new targets are adopted.

By continuously collecting and evaluating key performance indicators in our sustainability management system, we can manage sustainability across all departments.

► **Compliance**

Ensuring legal compliance: guidelines for responsible conduct

Legal compliance is ensured at all company levels at Tchibo. The Tchibo Code of Conduct (CoC) forms the basis for this. It is binding for all employees of Tchibo GmbH and the international business units, and governs our dealings with business partners and customers. The CoC is based on the fundamental conventions of the International Labour Organisation (ILO) and among other things prohibits all forms of corruption, and granting or accepting of an undue advantage. If an employee violates any of the principles, they face sanctions under labour law. We regularly train our managers in the application of our CoC. Once a year, managers confirm in writing that they understand the rules of the CoC, that they have complied with them and have reported any breaches they have become aware of. In addition, by signing, they affirm that they have explained the CoC to their staff and that they are monitoring compliance with the CoC. Every new employee receives a copy of the CoC. We inform our employees about new developments via the intranet as well as directly, through their supervisors.

Compliance with the CoC is verified in internal audits by the Group auditors of maxingvest ag. A whistleblowing hotline operated by an independent body serves as an anonymous point of contact so that employees, suppliers and customers can report possible cases of misconduct. If necessary, the information received is forwarded anonymously to an ombudsman council as an internal examining body. The ombudsman council consists of various heads of department at maxingvest ag and Tchibo GmbH, as well as the chairman of the works council.

Grievances can also be reported to the works council, the Human Resources department, the Legal department, the Directorate of Corporate Responsibility, and the Group Audit department.

Beyond this, Tchibo has been a member of the UN Global Compact since 2009, which means it has pledged, among other things, to actively combat corruption. We continuously conduct training for employees in the relevant departments, such as Purchasing and Sales, in order to make an active contribution.

Identify and prevent: risk management

Our business is subject to various risks – e.g. from currency fluctuations or environmental incidents that can have an impact on commodity prices. As part of our integrated risk management system, we identify these risks and take preventive measures to limit them. We make a fundamental distinction here between company risks and supply chain risks.

We carry out risk inventories to take stock of all material risks, which we break down into a risk cluster with three categories: short-term operational risks, one-off risks, and strategic risks. Within these categories a further differentiation is made. Risks that are acutely threatening are immediately reported to the management at the time they occur. This allows us to quickly control potential threats. An update on the development of risks is incorporated into Tchibo's steering and planning systems several times a year. The Internal Audit department reviews the effectiveness of the risk management, and informs the Management Board and Supervisory Board of this in regular risk assessment reports. The Boards determine the scope of review for the Internal Audit department. Information on threatening risks is immediately communicated to the Boards. For example, as a trading company, Tchibo is exposed to the risk of saturated or shrinking core markets – which would lead to stagnating or declining sales. We guard against this risk with an innovative product policy and international growth. Because the global retail landscape is changing, along with customer behaviour, we have further strengthened the e-commerce sector, and introduced cross-channel services and an attractive permanent range of products.

To prevent risks in the area of procurement, we integrate social and environmental requirements in our procurement and quality processes. For instance, we are gradually reducing the number of suppliers we use for our consumer goods, developing the remaining suppliers into strategic partners, and supporting them with the Worldwide Enhancement of Social Quality (WE) qualification programme. In our issues management, we analyse the relevant concerns of our stakeholders on an ongoing basis. For instance, in 2014 we decided to integrate the standards underlying Greenpeace's DETOX Commitment into our purchasing and quality processes. Beyond this, we also practice resolute supplier monitoring as part of our risk management.

Data protection

The new data protection standards under the EU General Data Protection Regulation (GDPR) pose a variety of challenges for companies – and Tchibo is no exception. More than before, data protection, as a management issue, is required to be integrated into all relevant business processes. In this way, we aim to meet the documentation and risk assessment requirements even better. Raising awareness among our employees and a clear distribution of tasks within the national and international business units are as essential to this as the development of a clear target vision.

In 2016, despite our careful handling of the information entrusted to us by our customers and our employees, and our three pillars of data economy, transparency and security, we failed to fully meet the requirements placed on us in two cases, when faulty configurations arose during system changeovers. Quality assurance mechanisms are being implemented and will prevent a recurrence of such lapses in future.

► Stakeholder involvement and materiality

Involving stakeholders

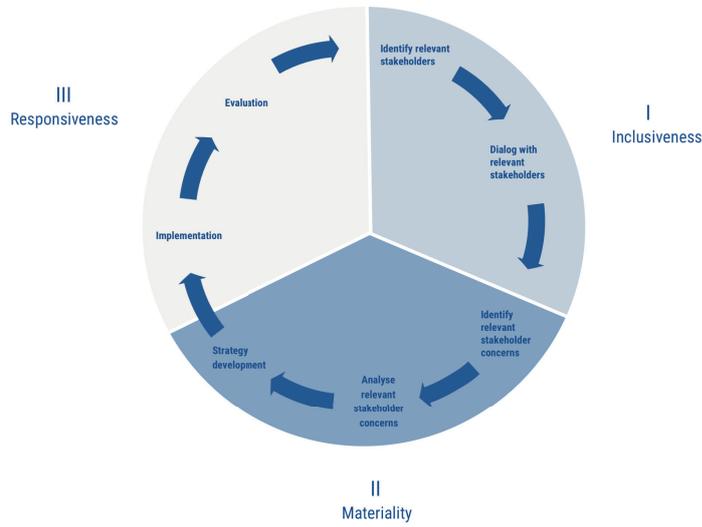
As a protagonist in the globalised economy and a beneficiary of the associated division of labour, Tchibo shares responsibility for resolving challenges that arise from our business activities. We believe that solutions to such global challenges are often better developed in cooperation with various societal protagonists. A close, ongoing exchange with our stakeholders within and outside the company is therefore very important to us. We want to know our stakeholders' expectations and views, incorporate their input into the further development of sustainable business processes, and work together on leading-edge solutions for ecological, social and societal challenges. So the dialogue with our stakeholders is also a stimulus for important processes of innovation – both in the company and at societal level. At the same time, the exchange with our stakeholders is important for identifying opportunities and risks for Tchibo's business at an early stage, and thus to enable proactive action. ✓



The exchange with our stakeholders is one of dialogue between partners and appropriate activities to involve them. Our core objective of becoming a 100 % sustainable business represents continuity in an ongoing development process that takes into account key stakeholders and their expectations, as well as regularly updates the priorities and key topics and measures. Our goal in involving stakeholders is not to meet all their expectations as quickly as possible, but rather to look into these expectations and set priorities. It is also clear that not all of the expectations placed in us can feasibly be met. ✓

Systematic stakeholder management

Involving stakeholders, identifying relevant topics together, and responding with appropriate measures – this approach corresponds to the principles of accountability inclusivity, materiality and responsiveness codified in the AccountAbility standard 1000 (AA1000). Since 2012, our stakeholder management has been based on a management system that was developed and rolled-out in accordance with the AA1000 standard. ✓



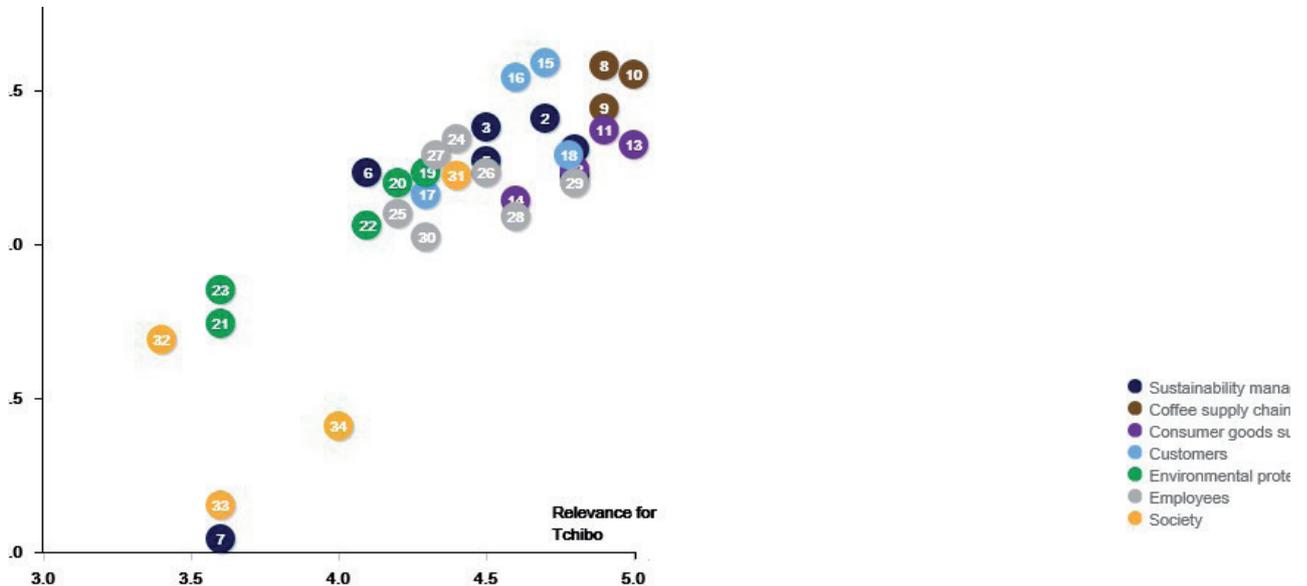
Inclusivity

Relevant stakeholders are involved in formats that are chosen to precisely match the topic and occasion. They include surveys, dialogue events, or cooperation in initiatives and alliances such as the Global Coffee Platform (GCP) and the Partnership for Sustainable Textiles in Germany. 

	Media	Surveys	Memberships, Networks & Voluntary Commitments	Projects	Dialogue Events
Formats	<ul style="list-style-type: none"> Website & Webshop Blog, social media & forums Newsletters Annual and Sustainability Report Press releases Intranet Public controversies Customer service Brochures/magazines Product information Certifications & awards 	<ul style="list-style-type: none"> Employee surveys Consumer surveys Market research and trend surveys (internal & external) 	<ul style="list-style-type: none"> Member meetings Alliance meetings Working groups Workshops Round Table Conferences (e.g. Environment) Best Practice exchange Steering committees 	<ul style="list-style-type: none"> Dialogues on specific topics Cooperation projects Working groups Research projects Cooperation with universities Staff training Staff events/campaigns Workshops 	<ul style="list-style-type: none"> Press events Best-Practice exchanges Round Table Site Exhibitions Open Days Local events Working groups Bilateral meetings Tradeshows & fairs Symposia Training
Stakeholders	<ul style="list-style-type: none"> Media and public Communities Competitors Banks & insurance companies Governmental agencies Employees Customers Consumer protection organisations Suppliers & business partners 	<ul style="list-style-type: none"> Customers Employees Media and public Science & academe Competitors Unions Consumer protection organisations Suppliers & business partners 	<ul style="list-style-type: none"> NGOs and initiatives Competitors State organizations Unions Consumer protection organisations Suppliers & business partners Science & academe 	<ul style="list-style-type: none"> Associations and unions Academics/Scientists & experts NGOs and initiatives Competitors Governmental agencies Employees and potential employees Suppliers & business partners 	<ul style="list-style-type: none"> Media and public Communities Competitors Governmental agencies Unions Employees and potential Employees Customers Consumer protection organisations NGOs and initiatives
Examples	<ul style="list-style-type: none"> Sustainability Report 2016 Coffee Report Qbo press event Appachi Capsule Collection Fashion Show ARD-Markenchecks Blogger Breakfasts #TchiboFrisch Brand Experience + Trust Monitor 2016 	<ul style="list-style-type: none"> Coffee Report Imug Customer survey on return of used clothing Customer survey on acceptance of recycled products in Non-Food 	<ul style="list-style-type: none"> Global Coffee Platform Fairtrade Rainforest Alliance Aid by Trade Foundation Better Cotton Initiative Textile Alliance Coffee & Climate Forest Stewardship Council Fun Free Retailer Program 	<ul style="list-style-type: none"> Corporate Volunteering Mainstreaming Sustainable Coffee Production Appachi Eco Logic Animal Protection Young Talent Challenge Good Idea Challenge Logistics strategy workshop Fit for Growth Statutory minimum wage Tchibo Shop Annual Conventien 	<ul style="list-style-type: none"> 10 Years of Sustainability at Tchibo Appachi stakeholder forum Qbo press event Blogger Breakfast #TchiboFrisch Multiple-use cups City Nord Sports Week and "Hamburgolympics" Open Day

Materiality

We have mapped the relevance of the topics for stakeholders and for Tchibo in a materiality matrix. The material topics are derived from this matrix, and are updated and adjusted as needed in the course of our ongoing stakeholder involvement. ✓



- Nachhaltigkeitsmanagement
- 1 Wirtschaftliche Stabilität
- 2 Nachhaltigkeit als integraler Bestandteil der Unternehmensstrategie
- 3 Strukturen, Richtlinien und Rahmen für verantwortungsvolle Unternehmensführung, Corporate Governance und Compliance
- 4 Dialog und Zusammenarbeit mit Stakeholdern
- 5 Transparenz und Berichterstattung
- 6 Einbindung Internationaler Tochterunternehmen in das Nachhaltigkeitsmanagement
- 7 Politische Stellungnahmen
- Lieferkette Kaffee
- 8 Sozialstandards in der Lieferkette Kaffee
- 9 Umweltstandards in der Lieferkette Kaffee
- 10 Beschaffung von nachhaltigen Rohkaffeequalitäten
- Lieferkette Gebrauchsartikel
- 11 Sozialstandards in der Lieferkette Gebrauchsartikel
- 12 Umweltstandards in der Lieferkette Gebrauchsartikel
- 13 Qualifizierung von Lieferanten zur Verbesserung von Sozialstandards
- 14 Ressourcenschonende Produktgestaltung von Gebrauchsartikeln
- Kunden
- 15 Kundenorientierung und -service
- 16 Produktqualität und -sicherheit
- 17 Angebot von und Informationen zu nachhaltigen Produkten
- 18 Verbraucher- und Datenschutz
- Umweltschutz
- 19 Klimaschutz
- 20 Umweltschonende Logistikkonzepte
- 21 Nachhaltige Mobilität im Fuhrpark und der Dienstwagenflotte
- 22 Ressourcenschonung im Unternehmen
- 23 Naturschutz und Artenvielfalt
- Mitarbeiter
- 24 Unternehmenskultur
- 25 Mitbestimmung
- 26 Vereinbarkeit von Beruf und Familie
- 27 Aus- und Weiterbildung
- 28 Chancengleichheit
- 29 Gesundheit und Sicherheit
- 30 Vergütung und Sozialleistungen
- Gesellschaft
- 31 Gesellschaftliches Engagement in den Ursprungsländern unserer Produkte (Kaffee, Baumwolle)
- 32 Gesellschaftliches Engagement in den Kernvertriebsmärkten (Deutschland, Österreich, Schweiz)
- 33 Förderung des Ehrenamtes / Corporate Volunteering
- 34 Förderprojekte im gesellschaftlichen Umfeld des Kerngeschäfts, z.B. Sponsoring, Unterstützung von Bildungsinitiativen, etc.

To analyse the material fields of action, we have conducted a comprehensive stakeholder survey in 2012. We identified more than 1,200 stakeholders and grouped them into customers, employees, suppliers and business partners, non-governmental organisations, government agencies, trade unions, consumer protection organisations, science & academe, banks and insurance companies, and the media. We invited 430 of the 1,200 stakeholders to complete an anonymous online survey. The participating institutions were selected based on their relevance as Tchibo stakeholders and the extent to which they influence the company. It was important to us that we select stakeholders with whom we can make a difference. We surveyed the relevance they ascribed to 34 topics at Tchibo, and how far they felt Tchibo had come on these topics, for seven fields of action. They also had the option of adding their own expectations and suggestions.

We followed this up with qualitative telephone interviews with external sustainability experts on individual fields of action, and asked employees from various disciplines to assess their relevance. On this basis, we prioritised the topics for our sustainability management. Besides their relevance, we also looked at how, for example, topics

can be influenced by critical groups. From these two aspects, we derived a value for ‘stakeholder attention’. The focus topics arrived at in this way have guided us ever since in developing specific targets and measures on our way to becoming a 100 % sustainable business. ✓

Coffee Value Chain	Consumer Goods Value Chain	Customers & Products	Environmental protection at the sites and during transport	Employees at Tchibo
Strategy & management Sustainable development • Sustainable coffee grades • Tchibo Joint Forces!® • Mainstreaming Sustainable Coffee Production • Collaborations to promote sustainable cultivation methods Educational projects in the countries of origin	Strategy & management Sustainable development • Sustainable resources and products • Sustainable and transparent supply chains • Global challenge: Initiatives to develop system solutions Educational projects in the countries of origin	Strategy & management Delighting customers Dialogue & interactive platforms Quality & Safety Responsible consumption	Strategy & management Climate protection Resource Efficiency	Strategy & management Corporate culture & values Talent Management Balance Remuneration, benefits & Tchibo extras Social commitment: Shouldering responsibility for society, together

Responsiveness

The key topics from the materiality matrix are incorporated in the company’s strategy development. They are put into action and evaluated, e.g. in the area of environmental protection or responsible business practices, always involving the relevant stakeholders depending on the topic or occasion.

Alongside stakeholder management, issues management is of great importance in Tchibo’s materiality process. It serves as a ‘topic radar’ to recognise, analyse and evaluate social trends and current developments at an early stage. This proactive issues management process enables us to identify potential risks and minimise them through preventive measures. On the other hand, we can derive opportunities for our sustainable focus and Tchibo’s brand positioning from topical issues. In this respect, issues management has a direct influence on strategy planning and the prioritisation of topics. As a result, it also provides important support in the materiality process. ✓



Asked for by stakeholders: reviewing action areas

As part of our sustainability management, in 2006 we determined the topics and fields of action that – from our perspective and based on our experience – are key to our path of sustainability. To review which fields of action are most important to the various stakeholders, and how they rate Tchibo’s state of development [in those areas], we carried out an extensive stakeholder survey in 2012. The findings show that stakeholders confirmed the relevance of the fields of action we had defined in 2006. They, too, see the coffee and consumer goods value

chains as the most important action areas. Key topics here include the socially responsible and resource-conserving production of consumer goods, and the improvement of the economic and social situation of the coffee growers, who are usually small farmers.

Major political and social developments in 2016 prove that our focus topics remain very relevant, or have become even more so. All in all, in 2016 we note that the conflict area between legal obligation and voluntary commitment of business is receiving a lot more attention in the public discourse – driven by environmental and social problems that are still nowhere near resolved and becoming increasingly urgent, especially in the global production and trade structures. This was the reason for making this area of conflict the topic of our stakeholder workshop in November 2016. “Fair competition requires (at least European) rules” seems to be acceptable as the lowest common denominator of all societal stakeholders. 

► Results and targets

Results and findings: What did we achieve in 2016?

In 2016, we once again made good progress on our path to becoming a 100 % sustainable business:

- 36,3 % of our raw coffee qualities come from sustainable cultivation.
- 342 producers have participated in the Worldwide Enhancement of Social Quality (WE) qualification program since 2007; 41 suppliers with master contracts; 488 social and environmental audits were performed in producing countries in 2016.
- 80 % of our cotton textiles were made with cotton from responsible cultivation in 2016.
- 81 % of our textiles containing man-made cellulose-based fibres were made from responsible sources and to eco-friendlier standards.
- 40 % of our wood and paper products were FSC®-certified, while the source of the wood can be transparently traced for 100 %.
- 100 % of our leather products were made from chrome-free tanned leather.
- By 27 %, the average (relative) transport-related CO₂e emissions were reduced compared to the reference year 2006.
- 87 % was the decrease in the free issue of disposable plastic bags at our shops.

The path ahead of us is still long and contains many challenges. But as we see it, there is no alternative to sustainable conduct. The task, above all is to preserve resources, protect the climate, and secure jobs along the global supply chain long-term and at fair conditions – and that means the future of our company is also at stake. We therefore take our aspiration of becoming a 100 % sustainable business very seriously.

We see it as our duty as a corporate citizen to take responsibility and use our business to initiate change in our company, the industry and beyond.

Coffee value chain		
Target	By	Status quo
Continue the Tchibo Joint Forces!® Project in Huehuetenango, Guatemala (Rainforest Alliance Certified™).	2017	On target
Continue the Tchibo Joint Forces!® Project in Minas Gerais, Brazil (Fairtrade).	2017	On target
Further develop Tchibo Joint Forces!® through integration of optimized impact measurement in the supply chain.	2020	On target
Continue the education project in Tanzania with the goal of reaching more than 3,000 children and adolescents as well as 640 teachers and parents.	2017	On target
Continue the Guatemala Children's Project in the coffee regions of Huehuetenango and Chiquimula with our project partner Save the Children, with the target of reaching over 1,400 children and 1,900 adults.	2018	On target
Further develop the systemic program 'Mainstreaming Sustainable Coffee Production'. Our goal is to bring together all the relevant players to jointly address urgent regional issues and contribute to a systemic solution.	2020	New target
Around 35 % of our green coffees are sourced from coffee farms that have been certified in accordance with recognized international standards (Fairtrade, Rainforest Alliance, UTZ and Organic), or that have been validated to the 4C base standard.	2020	New target
Consumer goods value chain		
90 % of the cotton items purchased for the sales year are sustainable (Organic, Organic Blend, CmiA, Better Cotton Initiative, GOTS).	2016	Nearly met
In 70 % of the products with man-made cellulose fibres (e.g. viscose) sourced for the sales year, the fibres are obtained according to eco-friendly standards in cooperation with Lenzing AG.	2016	Met
60 % of the wood products purchased for the sales year are certified according to the criteria of the FSC® (Forest Stewardship Council®).	2016	Not met
100 % of leather products are tanned chrome-free.	2016	Met
Start selling products made from / with recycled materials.	2017	On target
Implement the requirements of the Detox Commitment.	2020	On target
The essential materials of the textiles we offer come from responsible sources and meet the criteria of a closed-loop economy.	2020	On target
80 % of our Non Food products are sourced from WE producers.	2020	On target
Establish a living wage system and industry-wide pay negotiations in all global manufacturing markets (ACT initiative: Action, Collaboration, Transformation).	2020	On target
Further develop our strategic supplier program, systemic anchoring of fair purchasing practices in the procurement process, and review as part of regular due diligence.	2020	On target
Increase the share of sustainable cotton by another 5-10 %.	2018	New target
60 % of the wood products purchased for the sales year are certified according to FSC® criteria, or are from regional production.	2018	New target

Environmental protection at the sites and during transport		
Target	By	Status quo
Climate protection		
Further reduce specific CO ₂ emissions per ton of roasted coffee at the roasting plants by 1.5 % by reducing energy consumption and optimising process flows.	2020	On target
Reduce energy consumption at the Gallin and Neumarkt warehouses: Reduce relative warehouse emissions by 15 %.	2020	On target
Reduce emissions as part of the Clean Cargo Working Group (Clean Cargo Scorecard) logistics strategy: reduce relative transport-related CO ₂ e emissions by another 10 % (total 2006-2020: 40 %).	2020	On target
Reduce the average emissions of our vehicles to less than 95 g CO ₂ /km, taking our cue from the EU regulation for manufacturers' fleets.	2020	On target
Resource efficiency		
Increase the share of sustainable sales packaging by 30 %.	2016	Not met
Increase resource efficiency by taking further steps towards a closed-loop (circular) economy by using recycled or organic-based materials in our product ranges.	2016	On target
Convert Cafissimo capsules to recyclable foil and interior ink (in accordance with the dual systems).	2016	Met

► International business units

Our international business units: one goal, individual programmes

Our commitment to a 100 % sustainable business is not limited to Germany. In 2009, we began to involve our international business units in Austria, Switzerland and Eastern Europe in our sustainability management. At our international sites, we pursue the same sustainability goals that apply to Tchibo in Germany. This includes the gradual conversion of our product ranges to sustainable grades, especially coffee, cotton and wood. In addition to this, the international business units pursue individual targets in their national sustainability programmes.

In order to support the individual companies, Tchibo has initiated a comprehensive network for CR managers in all countries. Twice a year, they come to the Hamburg headquarters to share their experiences and compare content and strategies under the lead management of the Corporate Responsibility directorate



Site-specific sustainability programmes complement the joint strategy, as does individual communication with local stakeholders and customers. Thus, our international business units also participate in public discourse on sustainability in their respective countries. They work with non-governmental and multi-stakeholder initiatives to develop sustainable solutions for economic, social and environmental issues across multiple industries.

Progress in 2016

In 2016, the international business units once again successfully implemented measures from their own national sustainability programmes. The focus was on environmental protection, customer communications, and corporate citizenship.

Environmental protection at the sites

The international business units are systematically working to reduce the environmental impact of operating their shops, offices and warehouses. For example, they take measures to reduce water, paper, and electricity consumption in the administrative offices.

In 2012, Tchibo Poland and the Partnership for the Environment foundation jointly developed a certification standard for 'Green Tchibo Shops' and introduced this certification for all Polish Tchibo shops. It is the first environmental certificate in the history of Polish retail. In 2013, the standard was further developed with the foundation, for online sales. The certificate is awarded for two years at a time. Accordingly, a successful

recertification process took place in 2016. In all, 56 Tchibo shops received the 'Green Shops' environmental certificate in 2016.

The international business units, too, work with the Forest Stewardship Council (FSC®) to put our sustainability strategy into practice, and are increasingly using paper from responsible forestry. In Austria and Switzerland, Tchibo has printed its magazines, catalogues and advertising materials on FSC®-certified paper since 2012, in the business units in the Czech Republic and Slovakia since 2013, and in Turkey, Poland and Hungary since 2014. In addition, except for Romania and Russia, all international business units have been FSC®-certified and are entitled to use the organisation's seal on wood and paper products.

Since July 2015, plastic bags were no longer given out for free in Austria, resulting in a reduction of around 80 %. Since May 2016, Austria has completely eliminated non-reusable plastic bags. Instead, the Austrian company offers its customers a selection of reusable bags made from sustainable materials. In Switzerland, Slovakia and Hungary, too, no free plastic bags have been given out to customers since 2016. The Czech Republic international business unit also introduced the change in 2017.

To further reduce energy consumption, 'energy efficiency audits' were carried out in Austria, Poland, the Czech Republic and Slovakia in 2016. The findings will help to identify potential savings at the sites.

In the course of an environmental assessment, the Slovakian international business unit was also awarded a certificate as a 'responsible organisation' for its measures in the field of waste management and the environment. Aspects covered by the assessment were the handling of waste, pollution, and the conservation of natural resources.

Customer communication

Communicating the benefits of sustainably manufactured products to Tchibo customers in all sales regions requires calls for, comprehensive but easy-to-understand customer communications. In addition to materials developed in Germany, all the international business units use their own innovative formats, which are adapted to the respective country's customer and stakeholder requirements.

For instance, the international business units in Austria and Switzerland introduced the 'GUT GEMACHT' (DONE IN A GOOD WAY) logo in 2016. It distinguishes our sustainable products and makes them quickly identifiable as such. 'GUT GEMACHT' products are either externally certified or incorporate standards and procedures recognised by external stakeholders – for example, chrome-free tanned leather. The logo can not only be found on the product packaging, but also at the points of sale, and is used in various media to motivate customers for responsible consumption.

Corporate Citizenship



Tchibo's international business units also embrace voluntary commitment. For example, the Austrian international business unit participated in the 'Tchibo Weihnachtswunder' Christmas fundraising campaign in 2016 and delivered gifts to SOS Children's Villages Austria.

The international business units in eastern Europe especially encourage corporate volunteering: employees at the international business unit in Hungary once again participated in the traditional HBLF wheelchair competition in 2016.

With the aim of raising money for wheelchair basketball in Hungary, the entrance fees are used to purchase new wheelchairs.



Coffee Value Chain

► Strategy, control and management

For future-proof coffee farming: Forging ahead with the transformation process

For over 65 years, we have offered our customers top-quality coffee. To be able to keep delivering on this aspiration in future, we not only place a premium on flavour and taste, but also work to maintain and continually improve the conditions needed for growing high-quality coffees. We commit to our local supply chains by cooperating with coffee farmers and standards organisations and promoting sustainable farming practices. We also contribute our expertise to international initiatives to promote a sustainable development of the coffee sector: systemic challenges can only be resolved by working together effectively with all protagonists in the sector. ✓

As we work towards becoming a 100 % sustainable business, our medium-term goal is to offer only coffees whose cultivation meets ecological as well as social and economic requirements. By doing so, we contribute to safeguarding the livelihoods of coffee farmers and their families long-term – which also ensures the long-term availability of the raw coffee qualities we need, and the future viability of our business. We apply a holistic concept to [our efforts to promote] the sustainable development of the coffee supply chain and the entire coffee sector. There is also a growing focus on creating more transparency in the global supply chain. ✓

Challenges in the supply chain ✓



Our Arabica and Robusta coffees are grown in the 'coffee belt' along the equator in South and Central America, Africa and Asia. The cultivation areas are predominantly located in developing and emerging countries. The majority of the producers are smallholders whose farms usually comprise less than 2 hectares of arable land.

Due to the many smallholders that make up the supply chain at the origins, it is a great challenge to create transparency from the cup to the origins and to promote better conditions locally. Collaboration with reliable partners in the growing regions and our supply chains is therefore essential for us. We cultivate mutually trustful, long-term supplier relationships with exporters and traders from the growing regions, as well as with cooperatives and individual farmers, the so-called "estates." Through our demand for sustainably grown coffee grades and our efforts at the origins, we can influence the cultivation methods and conditions that govern coffee-growing, e.g. achieving environmental protection through a diminished use of herbicides and pesticides, and a more efficient use of water.

Challenges in coffee growing



Around two-thirds of the world's 25 million coffee farmers are smallholders with only one or two hectares of land. Their resources are as limited as their access to technology, financial resources, and education. They often lack knowledge about eco-friendly and efficient cultivation methods. In the medium-term this situation leads to declining yields, lower quality, and increasing environmental pollution through inappropriate cultivation methods such as overuse of fertilisers and use of pesticides. The repercussions of climate change additionally threaten the future viability of coffee farming, because farmers often lack knowledge how to adapt to changing weather patterns.

Once parts of the land become unfertile, the yield per hectare is reduced and production costs rise. Coffee cultivation becomes uneconomic, and the farmers can no longer make a living from growing coffee alone. The upshot: they give up coffee farming and look for alternative sources of income. Young farmers and female farmers in particular are leaving coffee farming and/or no longer even consider it as a source of income. In addition, there is an economically difficult environment, such as strong price fluctuations on the international markets, against which farmers are rarely able to hedge. These often result in poor working conditions on farms, which do not correspond to the declaration on fundamental principles and rights at work of the International Labour Organisation (ILO).

So a 100 % sustainable coffee assortment can only be achieved through access to smallholders. They need to be empowered to increase the yield in a sustainable way so that the land becomes fertile again and remains fertile. They need a basis for investing in more sustainable forms of cultivation and production that protect the environment and take social criteria into account. The involvement of smallholder farmers is therefore an important pillar of our strategic approach, and requires efforts and commitment at the operational as well as higher levels

Further development of the strategic approach

Since 2006, we have been engaged in the sustainable development of the coffee sector, so as to meet the challenges of the supply chain and growing regions. We have achieved a lot in the past ten years. Our measures in the supply chain in particular have triggered positive developments: we have strengthened the cultivation of sustainable coffee grades, and contributed to the fact that more and more sustainable coffees are offered and being demanded by consumers. For example, Fairtrade coffee sales in the German market have nearly doubled since 2012; in 2016 they came to around 17,000 tonnes.

However, we have also had to acknowledge that there are limits to our influence as a single company. These include systemic challenges at the origins, such as child labour on the farms, and the lack of transparency in the supply chains. To find out how we can address these challenges even more specifically, we comprehensively assessed our previous strategic approach for sustainable raw coffee in 2016, involving key stakeholders. The results help us to keep developing the strategy in a targeted way.

We surveyed our key stakeholders about current challenges, including the international standard organisations Fairtrade, Rainforest Alliance and UTZ coffee farmers in Brazil, and our suppliers. In-depth analyses of these challenges and our existing approaches followed, conducted in exchange with the Hanns R. Neumann Stiftung and other relevant stakeholders in Brazil, one of the main coffee-growing countries. We looked at global trends, the increasing dynamics in the coffee sector, and consumers' expectations regarding taste and sustainability. At the same time, we began evaluating our Tchibo Joint Forces!® projects. Also, as a member of the Steering Committee of the internationally active Global Coffee Platform (GCP), we contributed to developing a new target

vision for the sector, Vision 2030. The GCP and Vision 2030 mark a new decisive development step towards more sustainability at sector level. The requirements to meet selected targets of the Sustainable Development Goals (SDGs) are also taken into account in this.

Further development of the integrative approach

In essence, the analyses showed that major challenges – such as the causes of unacceptable child labour and use of prohibited pesticides – are systemic. To tackle them effectively, it is necessary to go beyond supply chain activities and address problems at a systemic level, involving governments and public interest groups. This finding encourages us, on the one hand, to continue our engagement within the supply chain and in international cooperation. On the other hand, it also shows that further efforts are required to sustainably transform the coffee sector in the long term. All coffee sector stakeholders must take even more responsibility for shaping the transformation process in their respective roles, because we need to join forces to bring about systemic changes.

We are ready and willing to join forces and have therefore extended our integrative approach to include a new pillar: the systemic programme ‘Mainstreaming Sustainable Coffee Production’ we jointly initiated with the Hanns R. Neumann Stiftung. Our goal is to bring together all relevant stakeholders and jointly address urgent, regional issues and contribute to a systemic solution. We are aware that such a process takes time and that we cannot create an impact overnight. That is why our programme takes a long-term approach.

We are also extending our Tchibo Joint Forces![®] qualification programme from the level of individual smallholders to a regional level, by e.g. addressing suppliers, NGOs and other roasters and developing scalable solutions. The core goal of our commitment is “Coffee farming as a viable business”. Our measures aim to teach sustainable agriculture methods, improve local structures by better organising farmers, and facilitate their market access. Certification processes help ensure compliance and increase transparency in the supply chain.



Focus on: supply chain and systemic solutions

As we continue developing our integrative approach, we are pursuing five coordinated strategic approaches.

- Supply chain: We source 36,3 % of our raw coffee from coffee farms that are certified according to accredited international standards (e.g. Fairtrade, Rainforest Alliance, UTZ), or are validated to the baseline standards of the 4C Association. Another 50 % will be covered in future with the ‘Mainstreaming Sustainable Coffee Production’ systemic sector approach.
- Supply chain: We support smallholders and their families with our Tchibo Joint Forces![®] qualification programme, which we will expand more to the regional level from now on, to further develop the local structures in a sustainable way. The coffee farmers and their families are to be empowered to improve their living conditions through sustainable and profitable coffee farming. We increasingly involve the women, children and communities in this as well.

- Systemic approach: We are tackling structural and systemic challenges with the launch of the 'Mainstreaming Sustainable Coffee Production' multi-stakeholder initiative which we initiated with the Hanns R. Neumann Stiftung – together with key players in the industry. Together, we wish to create more transparency and achieve a level of sustainability for as many farmers as possible, i.e. throughout the sector, that covers jointly defined demands and ensures compliance. To achieve this, we are shifting our focus from increasing 4C-validated raw coffee to our new, systemic approach.
- We are involved in cross-industry cooperation and alliances. The Global Coffee Platform (GCP), which acts for the coffee sector on an international level, and its Vision 2030, as well as International Coffee Partners (ICP) are of particular importance for us.
- We promote educational projects that help people to help themselves in the coffee-growing countries. By doing this, we hope to improve social structures on the ground, provide alternatives to unacceptable child labour, and open up additional sources of income.

Regular evaluation of the measures

Part of our sustainability concept is to regularly evaluate the effectiveness of our supply chain management approach as well as our systemic approach.

As regards **supply chain management**, we are currently developing a concept to record and evaluate the positive effects of our measures for the coffee farmers. This will enable us to make the necessary adjustments. The goal is to incorporate innovative forms of evaluation at the design stage of the project. This also makes it possible to identify challenges and to develop possible solutions with the involvement of farmers and project participants.

To evaluate the **systemic approach**, the entire coffee sector is currently working on indicators that will provide evidence for the effectiveness of the interventions. The Global Coffee Platform has obliged its members to report these indicators. The development of the first indicators will be completed in 2017.

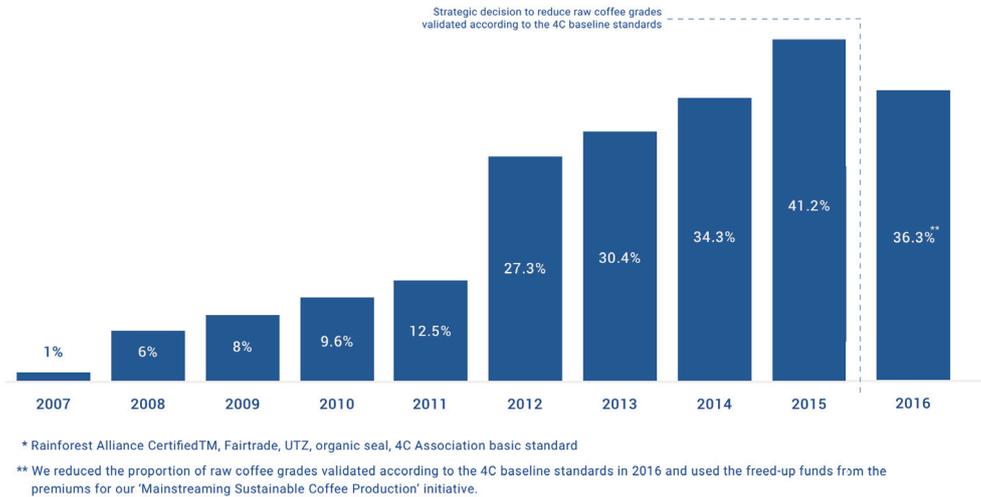
► Sustainable coffee grades

Increased proportion of certified green coffee grades

In the medium term, we only want to offer coffees whose cultivation meets economic, ecological and social requirements. We took another step forward on this path in 2016, by increasing the proportion of green coffee grades which are certified by an international standards organisation by about 1 % to 15.9 %. Our certified coffees are sourced from coffee farms certified according to the requirements of Fairtrade, Rainforest Alliance, UTZ, or the organisations behind the European organic seal.  All our premium assortments, such as the Cafissimo capsule range, were converted to 100 % certified coffee grades back in 2012. Now we are gradually expanding the proportion in other segments. Since 2016 our For Black n'White filter coffee has carried the UTZ seal. The Blonde Roast coffee product, newly introduced in 2017, as well as our Gala Espresso and Caffee Crema, all carry the Rainforest Alliance seal.

Since 2011, we have significantly increased the proportion of Fairtrade coffee in our coffee range. Around 21 % of the Fairtrade coffee sold in Germany in 2016 came from Tchibo, making us one of the largest suppliers of coffee with the Fairtrade seal in Germany. In the years ahead, we plan to continually increase the share of certified green coffee grades in our assortment.

Coffee from sustainable farming*



New paths in the mainstream segment

In 2016, we took a new strategic path in sourcing green coffee grades that are validated according to the 4C baseline standards. In our view, the basic requirements of the validation system for the 4C standards will soon no longer be sufficient to continue the sustainable development of the supply chain. That is why we are increasingly shifting our commitment and financial resources from purchasing 4C-validated grades to our own Tchibo Joint Forces!® qualification programme and our 'Mainstreaming Sustainable Coffee Production' multi-stakeholder initiative which we initiated with the Hanns R. Neumann Stiftung. In the course of this shift, we reduced the proportion of raw coffee grades validated according to the 4C baseline standards by 6 % in 2016 and used the freed-up funds from the premiums for our 'Mainstreaming Sustainable Coffee Production' initiative. We plan to reduce 4C coffee by a total of 8 % by 2020.

As a result of these strategic changes, the share of green coffee (certified and validated as sustainable) covered by the Tchibo sustainability concept in the total green coffee volume was at 36.3 % in 2016, slightly down year-on-year for the first time since 2008 (previous year: 41.2 %). Meanwhile, the share of certified green coffee grades increased by approx. 1 % to around 15,9 %.

Internationally recognised standards for sustainable coffee farming

Internationally accredited standards organisations work to help coffee farmers increase their income, improve their living and working conditions, and increase environmental protection. Each organisation sets its own priorities in terms of individual objectives.

Rainforest Alliance

The Rainforest Alliance is an internationally recognised, independent environmental organisation that campaigns for the protection of sensitive ecosystems and promotes the sustainable management of land. The Rainforest Alliance Certified™ seal stands for ecologically sound agriculture and socially responsible corporate behaviour. This includes, for example, the conservation of natural resources and the creation of educational opportunities for coffee farmers.



Fairtrade

Fairtrade stands for better working and living conditions for smallholders and workers in Africa, Asia and Latin America. 1.6 million smallholders and workers already benefit from fixed minimum prices as well as the Fairtrade premium for community projects. Such projects can include, for example, the construction of a school, a health centre, or investment in the local infrastructure. Fairtrade prohibits forced labour and illegal child labour. Fairtrade provides support, training and advice for producers in the growing regions. Environmentally friendly cultivation is promoted. The independent certification company FLOCERT carries out on-site verification of whether producers and traders comply with Fairtrade standards.



UTZ

UTZ is not an acronym, but comes from the Mayan language, an indigenous people from South America, and means 'good'. And it is used here with good reason: UTZ Certified trains coffee farmers in the fields of business, social working conditions and environmental management, helping them, for example by learning better farming methods, to operate more successfully and at the same time protect the environment. By purchasing UTZ certified products Tchibo customers can actively promote better prospects for farmers.



Bio-Siegel

Organic coffee is produced from sustainable agriculture in harmony with nature. Organic farming is characterised such things as the use of natural fertilisers and beneficial insects that keep the soil fertile in the long term. This method of farming also helps to conserve biodiversity and protect raw material reserves. The Bio label ensures the controlled production of organic products. The provisions of EU legislation on organic farming determine the standard. Only products that are produced and controlled according to this EU legislation may carry the Bio label. For more information, please visit: www.bio-siegel.de.



4C Association

In March 2016, the Sustainable Coffee Program (SCP) – a cooperation between international coffee roasters and the Netherland's Initiative for Sustainable Trade (IDH) as the public partner – joined forces with the 4C Association to form the Global Coffee Platform (GCP), to consolidate the strengths of the two organisations alliance and achieve a greater impact in developing a sustainable coffee sector.



The Baseline Common Code 4C is still the basic standard of the coffee sector. It reflects the principles and minimal reference practices for sustainable production and processing. Coffee Assurance Services (CAS), an independent company whose shareholder is the Global Coffee Platform (GCP), is now in charge of verification.

► Tchibo Joint Forces!®

Tchibo Joint Forces!®

In the supply chain: support for smallholders and their families

Our Tchibo Joint Forces!® qualification programme starts with the coffee farmers in the supply chain of our premium assortment. We support them in the step-by-step shift from conventional to ecologically and socially acceptable and economically sustainable coffee farming: through measures that are tailored to their specific challenges. This includes training, educational offers for the whole family, access to infrastructure, and the establishment of long-term supplier relationships. In Tchibo Joint Forces!®, we cooperate with green coffee exporters and traders, agricultural scientists and international standard organisations, governmental and non-governmental organisations. Since the start of the programme in 2012, we have reached some 30,000 coffee farmers in Brazil, Honduras, Kenya, Colombia, Papua New Guinea, Tanzania and Vietnam with the Tchibo Joint Forces!® programme, and enabled many of them to gain certification in accordance with the requirements of the internationally recognised standards organisations Rainforest Alliance, Fairtrade, UTZ Certified, or validation to the baseline standards of the 4C Association.



Demand-driven further development of the TJF!® qualification programme

We examine the effectiveness of our involvement in the supply chain as part of the analysis of our overall strategy. This also involves checking our activities against current global developments and societal expectations, as well as against our own ambition to accelerate a sustainable alignment of the coffee sector. Both the global context and societal expectations have changed in recent years, as shown, for example, by the UN Sustainable Development Goals (SDGs) and the UN Guiding Principles on Business and Human Rights. Initial evaluations also show that we are not yet adequately meeting our own aspirations for making an impact. It has become clear that the coffee farmers require even more demand-driven support, both with regard to the farmer's own state of development and the country-specific context. After all, they face a myriad of challenges ranging from climate change to increased production costs, markets that have become more complex, and insufficient educational opportunities for their children. That is why we have further developed Tchibo Joint Forces!®.

Our goal is to better meet the different needs and development stages in our premium segment supply chain through a broader approach. The core of this development is the shift from the previous modular training programme to a toolbox. We want to contribute to the improvement of local and regional structures in line with the principle of “help for self-help.” This toolbox is tailored to the different needs of each region, is scalable, and goes beyond the existing training modules.

The toolbox essentially comprises the following components:

- Training offers
- Long-term supply contracts
- Certifications according to the requirements of international standard organisations
- Educational offers (for children)
- Community projects

The aim is to use the measures from the toolbox to increase the quality and quantity of the participating farmers' coffee and increase profitability. On the long term the aim is to improve the local structures in such a way that the measures have a lasting effect. For instance, we offer training sessions on using fertilisers and pesticides, on accounting, and the sales processes. By maintaining long-term, stable supplier relationships and reinforcing compliance in the supply chain with standards organisations, we maintain and improve the conditions for growing high-quality coffee. We also focus on specific topics, such as farming as a family business, or educational opportunities for children and teens, to also involve the farmers' families and communities in sustainable development and thus improve the overall living conditions in these regions.

Initial assessment of the effectiveness of Tchibo Joint Forces!® in Brazil

In 2016 we began to assess the effectiveness of Tchibo Joint Forces!®, to identify the measures that help farmers the most. The first assessment was carried out at the Minas Gerais project in Brazil, where we buy Fairtrade-certified green coffee from COOPFAM. One of the most important findings of this assessment was that the coffee farmers prefer to sell their beans to the COOPFAM cooperative, as they offer them competitive prices, and consider their training offers to be helpful. Most would like to sell exclusively to COOPFAM, but not all coffee beans are accepted due to a lack of quality in some cases. At the same time, it emerged that there are still no adequate best-practice methods regarding the use of pesticides, only for weeding and pruning. A need for improvement was seen during post-harvest processes (e.g. drying processes and storage). All in all, the farmers cannot estimate their costs very well, and do not keep a record of these costs.

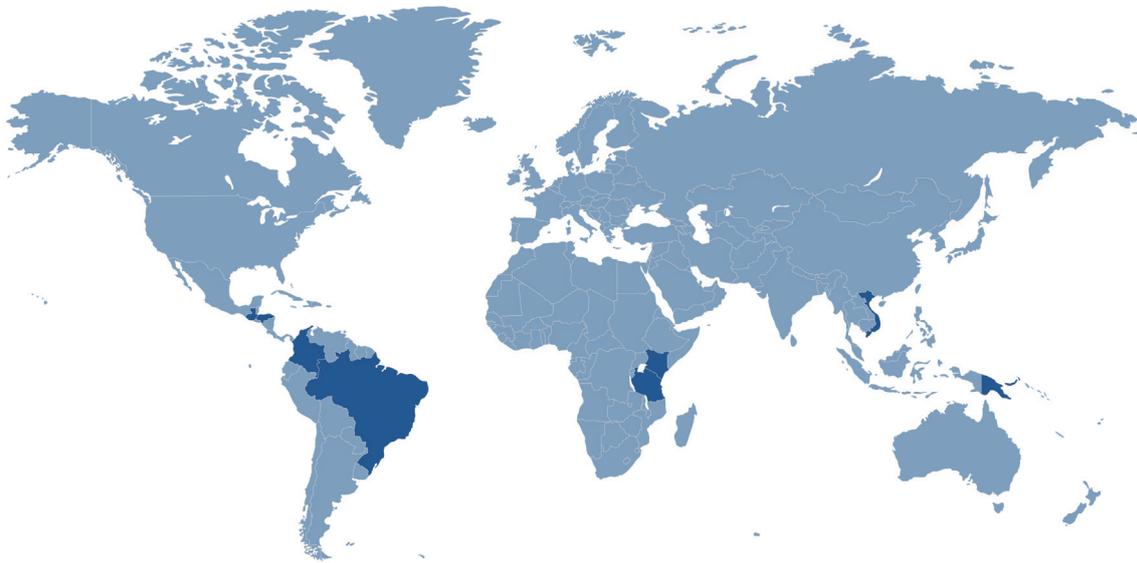


Based on the results of the effectiveness assessment, we came up with the following measures: The farmers will receive training to improve post-harvest practices as well as for profitability calculation. The participation of women will be increased in addition to the existing COOPFAM programmes. Best practice for the control of pests and diseases will be presented, and taste training ('cupping') will be given to improve the understanding of coffee grades.

From now on, a baseline evaluation is planned for each new project. We have defined a separate project focal area for this within the Tchibo Joint Forces!® framework.

Tchibo Joint Forces!® Qualification Program

30.000 coffee farmers have participated in the TJF!® qualification program to date.



13 projects (c = concluded), the others are still ongoing

Honduras (c), Honduras (c),
Guatemala (c), Guatemala (c),
Guatemala,
Colombia (c), Colombia,
Brazil

Kenya (c), Kenya (c),
Tanzania

Vietnam (c),
Papua New Guinea

Three new Tchibo Joint Forces!® projects will launch in 2017: in Guatemala, Honduras and Tanzania – three regions where we source sustainable green coffee grades, e.g. for our ‘Privat’ coffees. In the projects, we will work with non-governmental organisations, standards organisations, and retailers towards the goal of making coffee cultivation sustainable and profitable long-term for the farmers, so that they and their families can improve their living conditions and we can ensure the availability our green coffee grades.

► Mainstreaming Sustainable Coffee Production

Sustainable development of the coffee sector

In future, alongside its approach of qualifying selected smallholders in the supply chain through Tchibo Joint Forces!®, Tchibo will focus on the ‘Mainstreaming Sustainable Coffee Production’ multi-stakeholder initiative. With this systemic approach, Tchibo aims to accelerate sustainable development of the coffee sector at regional level. Supply chain-specific programmes such as Tchibo Joint Forces!® directly support selected coffee farmers. Achieving an impact beyond the individual coffee farms requires concerted efforts at a higher level. The coffee sector can only be sustainable in the long term if the structural framework conditions change. That is why we want to tackle systemic problems that affect the entire coffee sector with the ‘Mainstreaming Sustainable Coffee Production’ initiative. All stakeholders in the sector are called upon to take part, for systemic change can only be achieved if all stakeholders jointly assume responsibility and contribute to the transformation of the coffee sector in their respective roles.

Regional implementation of global approaches

The initiative concentrates on systemic solutions to region-specific challenges in the three areas of 'secure livelihoods for coffee farmers', 'more environmental protection' and 'profitability'. Tchibo aims to leverage synergies with 'Mainstreaming Sustainable Coffee Production' by building on existing local initiatives, instruments and approaches, linking them and further developing them. For instance, we especially want to break down global approaches, such as the Global Coffee Platform (GCP) Vision 2030, by regional requirements, and implement them in a region-specific way.

The focus will initially be on the following activities:

- Cooperate with local stakeholders to define priorities in the coffee supply chain
- Work with local stakeholders to identify systemic reasons and institutional barriers that are preventing more sustainability in the coffee sector
- Work with local protagonists to develop local strategies (or fine-tune existing ones) for tackling systemic problems
- Developing joint strategies for implementation, in which the various protagonists take on specific roles and responsibilities
- Conduct effectiveness measurements and report transparently on them so as to share insights and best-practice examples.

Joining forces will give everyone involved a better chance to make themselves heard. By work with governments and civil society, the partners involved in the 'Mainstreaming Sustainable Coffee Production' initiative have the opportunity to promote sustainability while also pooling resources to achieve maximum impact.

Tchibo launched the initiative in 2016 together with the Hanns R. Neumann Stiftung. The first partnerships will be prepared and signed in 2017, and the approach will be introduced to national and international stakeholders in at least one pilot region.

► Collaborations to promote sustainable cultivation methods

In networks: Together for better framework conditions

Tchibo joins other relevant protagonists from the industry, politics, business, associations, trade unions and the social environment in multi-stakeholder initiatives that work to promote better conditions in the coffee-growing countries. Political or structural issues often cannot be addressed or can be only partially addressed with individual projects. Urgent topics for coffee farmers include the expansion of the infrastructure, the provision of investment, and clear political regulations for environmentally and socially acceptable coffee cultivation.

Our aim and approach in alliances is to improve the structural and financial framework for farmers in the origins (economic perspective), and to support the local communities, especially women and children, in matters of education and additional opportunities for income (social perspective). In addition, we are committed to preserving the ecological basis for the cultivation of coffee (ecological perspective).

Global Coffee Platform

In March 2016, the Sustainable Coffee Program (SCP) – a cooperation between international coffee roasters and the Netherlands' Initiative for Sustainable Trade (IDH) as the public partner – teamed up with the 4C Association to form the Global Coffee Platform (GCP). The aim of the alliance is to unite all key stakeholders and initiatives in the coffee and tea industry – both private and public – in a global alliance and jointly address common issues. This will allow more joint activities to be realised at a global and national level. The action focuses on smallholders. More than 300 organisations have agreed to jointly cooperate with governments for this.



To this end, the GCP has concluded a Memorandum of Understanding on the joint cooperation with the ICO (International Coffee Organisation), in which the governments of the producing countries are represented.

Within the framework of the GCP, we are assuming an active role in shaping a sustainable coffee sector. Tchibo co-founded the GCP and has a seat on its steering committee. An important result at the beginning of 2017 was the signing of another Memorandum of Understanding with the German Federal Ministry for Economic Cooperation and Development.



As an open and inclusive organisation, the GCP will pursue the goal of implementing sustainable development in the countries where coffee is grown:

'**Vision 2020/2030**' forms the basis for the new alliance. Only if all stakeholders work together with a shared vision can a greater impact be achieved in

increasing productivity and improving the living conditions of coffee farmers. The vision describes the measures that are necessary to create a sustainable coffee sector:

- Organise smallholders into cooperatives
- Improve productivity and income
- Avoid and prevent impermissible child labour
- Equal treatment of women and men, girls and boys
- Rehabilitate ecosystems
- Adapt to climate change, reduce contribution to climate change
- Access to funding, improve business knowledge
- Promote the producing countries' sustainability agendas

30 GCP members from the private sector, including well-known roasters, exporters and coffee traders, have signed the shared agenda of the Vision 2030 Call for Collective Action.

National platforms: In addition to a global structure for the organisation, the establishment of national platforms with national participants was also supported. They can much better assess what is needed in a given country to promote the sustainable development of the coffee sector and initiate regional solutions. National Sustainability Curricula are being developed that delineate country-specific conditions for improving sustainability.

Global workstreams: The thematic fields of Vision 2030 are grouped into ‘workstreams’, as they involve global problems that require comprehensive solutions. The three workstreams deal with climate change, the economic viability of coffee cultivation, and the involvement of women farmers and youths.

Tools for support:

- A global framework for performance measurement that allows the sector to continually evaluate, improve and publish the development and achievements of sustainability measures.
- An online platform for learning, community education, and campaigns.
- The Baseline Common Code as a sector-wide reference, to reach 100 % of the coffee production community.

On the basis of these three pillars, one key GCP objective is to help coffee farmers form cooperatives and increase their productivity and income. Impermissible child labour is to be prevented and local society stabilised by supporting women and youths. Another aim is better environmental protection and the preservation of ecosystems.

International Coffee Partners

In 2001, Tchibo co-founded the International Coffee Partners (ICP) initiative, an association of leading European roasters and a green coffee trader. Based on the principle of helping people to help themselves, the ICP focuses on increasing the competitiveness of smallholders to increase their productivity based on sustainable farming practices in order to achieve a higher income and, thus, better living conditions.



**INTERNATIONAL
Coffee Partners**



Tchibo is involved in ICP projects in projects Latin America, Africa and Asia. Overall, ICP is currently active with projects in 12 countries. Those projects always directly address smallholders, their families, and local communities. Local and international development organisations, public authorities, NGOs and producer representatives are also involved.



A total of 17 projects have been completed since 2001, in which more than 12 million euros of private and public funding have been invested. More than 43,000 farmers and some 284,000 family members have been reached with these projects.

Coffee & Climate

Coffee cultivation is directly affected by the repercussions of climate change. For farmers to maintain or improve the quality and quantity of their income, they have to adapt their farming practices to the changing weather patterns. The Coffee & Climate initiative has supported them in this since 2010. Tchibo is a founding member – alongside other inter-



national coffee companies, a green coffee trader, and the German Society for International Cooperation (GIZ).

The initiative is active in four strategically important cultivation regions for Arabica and Robusta beans: Brazil, Vietnam and Tanzania as well as Trifinio – a region of Central America in the border area between Guatemala, Honduras and El Salvador – where more than 70,000 coffee farmers are expected to benefit from the activities of the initiative by the end of 2018.

Coffee and Climate provides farmers and other local protagonists with tools and knowledge to identify climate change-related risks for local coffee cultivation and to communicate appropriate adaptation methods to the producers. One tool is the C&C Toolbox – a freely accessible online platform that provides best-practice methods, support, climate maps, and training material. In 2016, the Toolbox was further developed in 2016, case studies were authored in local languages, and cooperation with organisations at regional level was expanded. The initiative also makes the comprehensive ‘Climate Change Adaption in Coffee Production’ guide available on its website as another result of its work.

Biodiversity in Good Company

Tchibo promotes the conservation of biodiversity and the protection of ecosystems in coffee growing. That is why, in 2012, we became a member of the German Federal Ministry for the Environment’s ‘Biodiversity in Good Company’ initiative. The initiative brings together pioneering companies from different sectors to jointly develop solutions for preserving biodiversity worldwide. It also aims to raise public awareness of the issue of biodiversity.



When we joined, we signed a ‘Leadership Declaration’. It commits us to integrating the preservation of biodiversity into our company’s environmental and sustainability management, and to pursuing appropriate goals and measures. In 2016, we published our third progress report on the Leadership Declaration.

► Education projects in the countries of origin

Education as a basis for better living conditions

Tchibo promotes better living conditions in the source countries with targeted educational projects. We cooperate with local partners to implement educational and vocational programmes for children and youths in particular, according to the principle of helping people to help themselves.

Guatemala: Education and care for children and youths

In Guatemala, we promote childcare for migrant workers and pickers. The children’s school holidays often overlap with the season for harvesting coffee cherries. Since there is hardly any childcare available, many migrant workers and harvest helpers take their children with them to the coffee fields. While the younger children play on the steep and dangerous slopes, the parents often let the older ones help them pick. This frequently involves crossing the line to impermissible child labour. We create alternatives by promoting educational projects and childcare options in various regions of Guatemala.

Together with the Coffee Care Association, we have since 2011 been active in the Huehuetenango region, where, during the harvest season, we operate day-care centres and offer vocational seminars for youths.

We have also been engaged in the Chiquimula region since 2013. Together with the world’s largest children’s rights organisation Save the Children, we initially opened six day-care centres in twelve municipalities in the Olopa region, and to date have provided age-appropriate care for more than 800



children including educational programmes, a balanced diet, and medical care during the coffee harvest season from November to February. Girls and boys in the region also received additional tuition in maths and reading during regular school hours at 18 schools. In total, 200 teachers were given educational and professional training and were also provided with school materials. In addition, about 900 parents were involved in the project work and attended parents' evenings on children's rights and education. The positive development of the project encouraged us to expand it to another region in 2015.

Since April 2015, we have worked with Save the Children in the Jacaltenango region as well. In 15 municipalities, we have launched projects that will run until September 2018. In a single year, we managed to build four child care centres that look after children during the coffee harvest season. The younger ones are encouraged to learn through fun methods, and the older ones can expand their knowledge on topics in their school curriculum. The offer also includes a balanced, wholesome diet as well as health checks. In addition, the project enhances children's education throughout the year at 17 schools in the region. In the first year, we were able to provide 100 teachers with training on the topic of reading. More than 800 pupils and 500 parents participated in reading-promotion activities. In addition, parents' evenings are held on children's rights and education, and campaigns are run to raise awareness for how important it is for all children to attend school. Since the project started, we have been able to directly reach a total of 2,124 children and 1,875 adults. Indirectly, approximately 10,000 children and 20,000 adults have benefited from the project to date.

Tanzania: improving vocational training opportunities at an early stage

In June 2015, we launched a new project with Save the Children: Together, we seek to improve the educational opportunities of Tanzania's children and teens. Many of them leave school at just 13 to 15 years old, without being able to read and write properly, and without having earned a graduation certificate. As a result, they have little chance of beginning an apprenticeship. However, even students who have successfully graduated are faced with further challenges: the colleges or training centres where they could learn a profession are often very far away. They thus lack the opportunity to build a secure foundation for their livelihoods.



Therefore, our project focuses especially on two aspects. We seek to improve the quality of education at primary schools so that more pupils go on to finish school. At present, children at sixteen project schools in the Mbeya region can regularly attend and complete primary school. In addition, we help young people to find a training centre where they can learn skills like tailoring and carpentry. We have created training facilities for this. This opens up other opportunities for young people – beyond coffee growing – to earn their own income and establish a sustainable livelihood.

The project is aimed not only at pupils, but also at parents and teachers. Parents are encouraged to promote and demand education for their children. Further training enables teachers to make lessons more practical and child-friendly.

By the end of the project in November 2017, the goal is to directly reach approx. 2,400 children, 300 teens, 160 teachers, and 1,700 parents.



Consumer Goods Value Chain

► Strategy & Management

Improving conditions together – ensuring economic success

In weekly-changing theme worlds, we offer our customers consumer goods that are distinguished by their quality and variety. We take care to ensure that social and environmental standards are complied with in the sourcing of raw materials and in production, and include sustainability aspects in our product design. We are working to further increase transparency in our value chains so as to bring about improvements at upstream supply chain levels as well. Global challenges in the supply chain that we cannot solve on our own are tackled through cooperation projects, ideally in industry-wide initiatives. ✓

Since 2006, sustainability has been an integral part of Tchibo's corporate strategy. On our way to becoming a 100 % sustainable business, we continually expand our assortment of sustainable consumer goods, implement social and environmental standards in the supply chain, and work with other stakeholders to find answers to questions arising from the challenges of globalisation. We take our responsibility as a value-oriented family-owned business seriously, and are convinced that business success must not be at the expense of people and the environment. ✓

The opportunities and challenges of global supply chains ✓

The liberalisation of the flow of goods and finances has resulted in a global division of labour in which countries focus on their specific competitive advantages. Tchibo sources a large proportion of its textiles and other consumer goods from Asia and Eastern Europe, where they can be produced at cheaper prices than in Western and Southern Europe. At the same time, Tchibo – like other companies – is confronted with risk factors. These include disregard for labour and social rights and environmental standards. We are convinced that the international division of labour can open up opportunities for everyone if it is not at the expense of people and the environment. That is why we work for a sustainable design of our consumer goods value chains.

The cultivation and processing of raw materials such as cotton and wood have repercussions for people and the environment. For example, cotton farming requires large amounts of water. In conventional farming, chemical pesticides and fertilisers are used in the fields. Worldwide, wood is not always harvested in compliance with environmental and nature conservation standards. The further processing of these raw materials often takes place without sufficient attention to environmental and social standards. Tchibo is aware of this problem. As a responsible company that integrated sustainability into our company strategy more than ten years ago, we are

continuously reducing the negative impact of our business activities on people, the environment and society. On the one hand, by implementing social and environmental standards in the supply chain. These include occupational health and safety measures as well as resource conservation and chemicals management. On the other, by expanding our sustainable product ranges and promoting sustainable consumption. For example, by building demand for sustainably grown cotton, we are also promoting sustainable agriculture. By making sustainable consumption possible for our customers, we are also making a contribution to increasing sustainable growth. This requires creating transparency in the global supply chains, and a network of partners whom we can work with to find solutions to challenges in the supply chain. We are convinced that this is part of the remit of a company that acts responsibly. Economic development is only sustainable if the natural basis of existence is protected, and if all the people involved also benefit from it.

Focuses of our measures on our way to a 100 % sustainable business

We continually develop the focuses of our sustainability management work. As long ago as 2012, we evaluated and mapped consumer goods for our value chain as part of a materiality survey conducted with our stakeholders. We defined 'environmental and social standards in the supply chain', 'resource-saving product design' and 'supplier qualification' as our focus topics.

These priorities guide us in developing concrete goals and actions on the way towards becoming a 100 % sustainable business. In 2016, too, we conducted extensive and targeted stakeholder dialogues and stakeholder surveys that feed into the development of our focus topics. In the field of social standards, for instance, we are redoubling our focus on transparency in the supply chains and on human rights, especially in light of the United Nations Guiding Principles on Business and Human Rights (UNGs) and their Sustainable Development Goals (SDGs), which we also regard as global frameworks for our own sustainability agenda.

SUSTAINABLE DEVELOPMENT GOALS



As one of Germany's largest international consumer goods and retail companies, Tchibo takes responsibility for its value chains. On the way towards becoming a sustainable business, we work step by step to design all products and processes in an environmentally and socially acceptable way. We concentrate our actions on those areas where we have the greatest impact on people and the environment, and where we can have the most influence:

- Put responsible business practices into effect with stakeholders
- Obtain raw materials and ingredients exclusively from sustainable sources, step by step
- Permanently improve working and environmental conditions at the production sites
- Tackle structural challenges through cross-industry coalitions and alliances

Guidelines and Principles for our Responsible Business Practices

In striving to continually improve our sustainability management, we are guided by international guidelines, in particular the Sustainable Development Goals (SDGs) as a global political framework, the United Nations Guiding Principles on Business and Human Rights for socially responsible conduct in the supply chains, the conventions of the International Labour Organisation (ILO), and the principles of sustainable development based on the Rio Declaration of 1992. EU regulations (e.g. the REACH regulations for chemical management) as well as German legislation (for example, the Waste and Packaging Act and Food and Consumer Goods Act) provide the legal framework for the sustainable design of our products and processes.

Based on this, we have formulated the following clear and binding principles that guide us in designing sustainable value chains for consumer goods:

- **Dialogue and participation:** When working with our suppliers, we involve both the management (top-down) as well as their employees (bottom-up). This turns everyone involved into "owners" of the processes and improves the prospects of finding solutions that are acceptable for all parties.
- **Setting targets:** We set ambitious but realistic goals, regularly monitor results, and work on continual improvements.
- **Social and environmental standards as minimum requirement:** We encourage and empower our operational departments, such as purchasing, quality management and marketing, to take responsibility for changes and put measures into practice.
- **Openness and willingness to learn:** We don't seek to instruct, but listen to stakeholders, openly address problems, are self-critical, and learn from our mistakes.

Social and environmental standards as minimum requirement

Since 2006, sustainability has been integrated in our company's strategy and is a core component of all business processes. The Tchibo Social and Environmental Code of Conduct (SCoC), which we developed in cooperation with our stakeholders, is the foundation for this. It defines minimum requirements for working conditions and environmental standards in the production of our consumer goods, and is the basis of all purchasing contracts. Developed in 2006 as the Tchibo Social Code of Conduct, in 2011 we expanded the Code to include environmental requirements. By signing the SCoC, our producers commit to social and environmental standards at their production sites. This includes occupational safety, the prohibition of child labour and discrimination, the recognition of trade union rights, and measures to avoid negative environmental impacts.

In 2017, we revised the SCoC again. It now includes further environmental requirements as well as additions that became necessary due to our commitments under the Global Framework Agreement with the IndustriALL Global Union, the Alliance for Sustainable Textiles, and the SDGs.

Platform for joint solutions: Vendor Days and Change Labs ✓



In 2012, we introduced Vendor Days as a platform for knowledge sharing with our suppliers. In 2015, we further developed it into Change Labs. This format is aimed mainly at jointly addressing current industry topics. For instance, in 2016 Tchibo employees got together with core suppliers to discuss process efficiency, product creativity, the requirements of the Detox Commitment, as well as supply chain transparency and living wages. This discourse provides input and innovative approaches for jointly achieving improvements in the supply chains.

Engagement in industry-wide initiatives ✓

We can only tackle structural challenges in the value chains in collaboration with the relevant stakeholders. That is why we work closely with other retailers, producers, governments, trade unions and non-governmental organisations, science and trade unions, and are involved in cross-industry alliances, to implement global solutions step by step.

At September 2016, Tchibo became the first German trading company to sign a framework agreement with the IndustriALL Global Union. The idea is to make it possible for employees and trade unions at the production sites to negotiate – wages and social benefits in particular – with factory owners and management. As a member of the ACT (Action, Collaboration, Transformation) initiative we also work in partnership with IndustriALL and other international trading companies on living wages and industry-wide wage bargaining between social partners on an equal footing in the clothing industry.



As long ago as 2012, Tchibo became the second company in the world to sign the Accord on Fire and Building Safety in Bangladesh and contributed to its entry into force, improvement and continuous implementation. In 2017, we signed a follow-up accord for another three years. It will continue the accord until such time as the public authorities in Bangladesh can take over its work.



In 2015, we joined the Alliance for Sustainable Textiles, initiated by Germany's Federal Ministry for Economic Cooperation and Development (BMZ). The focus of the alliance of politics, business, standards organisations, NGOs, trade unions, science and academe and other stakeholders is committed to implementing environmental and social standards at all stages of the global textile supply chain. As part of our membership, we are on the one hand implementing our own published 'roadmap', and on the other hand have provided support in two ways since 2016: an alliance initiative to systemically improve the working conditions of girls and young women in spinning and textile mills in the southern Indian state of Tamil Nadu, and a cooperation to develop chemicals and environmental management that builds on our strategic alliance with the German Society for International Cooperation (GIZ) and the Rewe Group.



In Myanmar, we also work together with the GIZ on the 'Working and Social Standards in the Textile and Clothing Sector in Asia' project, to ensure compliance with human rights and labour standards by our core suppliers there.

In 2016, we became a member of the multi-stakeholder initiative 'Organic Cotton Accelerator', which was launched in 2014. In it, we work with protagonists from the international cotton industry to strengthen the production of organic cotton and establishing a sustainable organic cotton market.



► Sustainable resources and products

Raw materials and other materials from sustainable sources

Our products must meet high standards: they must be well-made, be in line with current trends, and at the same time be durable. But for us, quality also means that the raw materials they contain are obtained from sustainable sources. We are therefore continually expanding the proportion of raw materials and other materials processed in our products from responsibly managed sources. We work with independent standard organisations and reliable partners. For materials for which no recognised certificates or accreditations exist yet, or where the existing certificates do not go far enough for us, we advocate the development of new standards and innovative solutions.

Our consumer goods are rarely made of just one material. They usually made of several components - as is the case with a children's raincoat or a parasol, for example. This complexity requires a systematic approach when it comes to designing products sustainable as a whole. That's why in 2016 we further developed our strategic approach to sustainable resources and products:

We include all the materials used in our focus on sustainability - with textiles and hardware. In doing so, we initially focus on the materials that are processed in our products that make up the highest proportion in order to achieve the greatest possible impact. We will discuss the other materials below. Here we take into account the 'closed loop' capability of the materials and products, in other words the use of recycled materials as well as the longevity and recyclability of the products. Our goal is to source all of the main materials we process in our products from more sustainable sources by 2020.

Natural fibres, synthetic fibres and materials of animal origin

With textiles, we distinguish between four categories of fibre: natural fibres (nearly exclusively cotton in our case), cellulose-based manmade fibres, synthetic manmade fibres, and materials of animal origin.

1. Natural fibre: Cotton

Cotton farming has an impact on people and the environment. Conventional cotton cultivation often consumes a lot of water, harmful pesticides are used, and cotton workers frequently work under difficult conditions. We therefore consider the use of cotton from sustainable farming as the only way. In the 2016 sales year, around 80 % of the cotton used in our clothing and home textiles came from more sustainable sources. The majority of our sustainable cotton is certified as organically grown and is either certified according to the Organic Content Standard (OCS) of the international non-profit organisation Textile Exchange or the Global Organic Textile Standard (GOTS). We also support the Aid for Trade Foundation's 'Cotton made in Africa' (CmiA) initiative



and obtain sustainable CmiA cotton from sub-Saharan Africa. To supplement our collaboration with international organisations, we also work on our own, direct partnership projects, such as the Appachi ECO-LOGIC Project in southern India. By 2020, we intend to exclusively use more sustainably grown cotton in our clothing and home textiles.



Achieving this goal requires solutions to the systemic challenges associated with growing organic cotton. That is why we are a founding member of the Organic Cotton Accelerator initiative, established in 2014, which is committed to the cultivation and use of organic cotton at sectoral level. We work together with other well-known clothing companies in this multi-stakeholder initiative to promote a prospering cotton sector that benefits everyone: from the farmer to the consumer.

Organic cotton (in accordance with the Organic Content Standard): Tchibo is the world's third-largest customer of organic cotton. We are a member of the Textile Exchange, a non-profit organisation that campaigns worldwide for a more sustainable textile industry. To do this, it brings together brands and retailers with manufacturers and raw material suppliers, cotton farmers and major stakeholders. We use the Organic Content Standard (OCS) for our cotton products.



Organic cotton (according to the GOTS standard): To continuously develop our product assortments in line with our sustainability standards, in 2014 we were certified according to the Global Organic Textile Standard (GOTS). The Global Organic Textile Standard starts with the controlled organic farming of natural fibres and covers all processes in the supply chain: from harvesting the raw materials, to environmentally and socially responsible manufacturing, which includes printing and dyeing, through to the finished product. In 2015, we first began selling GOTS-certified textiles. In 2017, we launched our first GOTS-certified baby collection.



Cotton Made in Africa (CmiA): Cotton made in Africa is an initiative of the Aid by Trade Foundation. Its goal: to improve the living conditions of smallholders in sub-Saharan Africa and promote eco-friendly farming methods. The farmers attend local training sessions to learn efficient and sustainable farming methods that help them to achieve better yields while protecting the environment and their health. Tchibo supports the initiative as a consumer of CmiA cotton and as a partner in community projects.



ECO-LOGIC cotton from the Appachi ECO-LOGIC Project: We first worked with Appachi ECO-LOGIC in southern India in 2015. Deliberately turning the supply chain 'upside down', we started with the raw material: Appachi ECO-LOGIC cotton, which is produced in a socially and environmentally sustainable way. For processing it, we built up the supply chain, especially in India. Production is handled by manufacturers from the Tchibo WE supplier qualification programme. The first three Appachi ECO-LOGIC products were offered in 2016. In 2017, our first collection of ECO-LOGIC cotton from the project was launched at the 'Tchibo Green Carpet' event in Hamburg, to which we invited customers, journalists, bloggers, Tchibo employees and our partners from India



2. Cellulose-based manmade fibres: Viscose, Modal and Lyocell

In the area of the cellulose-based manmade fibres viscose, Modal and Lyocell, Tchibo also takes care to ensure sustainable sources. Two factors are important with cellulose fibres: where the cellulose comes from, and how the raw material is processed into a textile fibre, because the production of the fibres requires a lot of energy and water as well as chemicals.

In 2016, more than 80 % of the cellulose used by Tchibo for its apparel textiles was obtained from more sustainable forestry, and a major share of it was also processed in an eco-friendly way.

To obtain sustainably produced cellulose-based synthetic fibres for apparel and home textiles, we work with the company Lenzing. Lenzing not only procures the wood for producing the fibre from responsibly managed sources, but also focuses on environmental standards in production. We currently use Lenzing Viscose®, Lenzing Tencel®, Lenzing Modal® and Lenzing MicroModal® fibres, and are currently working on using Lenzing's new, more environmentally friendly viscose fibre.



With our share of cellulose-based manmade fibres from more sustainable sources, we made it to #5 in the Textile Exchange's international Preferred Fibres and Material Benchmark 2017.

3. Synthetic manmade fibres (polyester, polyamide, etc.)

Oil-based synthetic fibres require the use of a non-renewable resource. Their production also consumes a lot of energy and water. However, as we cannot do without synthetics in many textiles, such as raincoats or other outdoor garments, we are working on the use of recycled fibres and materials. We will launch the first products at the beginning of 2018. In this way, we save oil resources, minimise energy consumption, and reduce the use of water.

4. Materials of animal origin

In addition to economic, ecological, social and societal aspects, we believe that a sustainable business also includes animal welfare. We firmly believe that animals should be treated ethically and in a species-appropriate manner and strictly reject unsustainable conditions of housing, slaughtering and production. Therefore, in the long term, we only want to use materials of animal origin for our products if we can ensure together with suppliers, non-governmental organisations and other stakeholders that no animal is exposed to unworthy conditions. At the same time, we are working on offering alternatives.

We have already reached milestones on this path. Since 2008, we have not sold any products with real fur. To confirm this, we became a member of the international 'Fur Free Retailer Program' in 2013. The 'Fur Free Retailer Program' is an initiative of environmental and animal welfare associations, such as the animal welfare organization VIER PFOTEN. Our products with artificial fur are accordingly labelled with the Fur Free logo.

Since the beginning of 2014, we have no longer offered any products containing angora wool, as we cannot guarantee the proper keeping of angora rabbits.

For our merino products, we explicitly exclude mulesing, a common practice in Australia and New Zealand where strips of skin are removed from around the tail without anaesthetics to prevent infestation with maggots (myiasis), which spreads in the skin folds of merino sheep. Beyond the prohibition of mulesing, we have supported the development of an industry-wide standard for sustainable wool, the Responsible Wool Standard (RWS), and are working on selling the first RWS-certified wool products in our Winter 2018 assortment.



Unterstützt von VIER PFOTEN - Stiftung für Tierschutz

We oppose down and feathers from sources that use live plucking or force-feeding. In the field of apparel textiles, we have promoted the use of synthetic materials that are qualitatively comparable to ‘real down’ while reducing our range of products containing down and feathers. In our home textiles assortment, we will from now on use the Responsible Down Standard (RDS), which we have been certified for since 2015.

Concurrently to our efforts for responsible materials of animal origin, we are working to further expand our range of plant-based and synthetic alternatives.

Wood and paper from responsibly managed sources

Many of our products are made from wood and paper. To verify that the wood used comes from legal sources, we apply the ‘Forest Tracing System’ (FTS), which we developed with the support of the World Wildlife Fund for Nature (WWF), for all wood and paper products. In addition, in 2015 around 40 % of our wood and paper products were certified in accordance with the strict guidelines of the Forest Stewardship Council (FSC®).



Das Zeichen für verantwortungsvolle Waldwirtschaft

Exclusion of sandblasting

In order to achieve the popular ‘distressed’ or vintage look in jeans, a processing technique called sandblasting can be used. This involves blasting the garments with fine sand dust. The method entails considerable health risks for employees. Inhaling the fine-grained dust can cause silicosis – a disease that destroys the lungs. When the health consequences of sandblasting became known in 2009, Tchibo promptly informed all suppliers about the health hazards. Since 2010, we have banned sandblasting in the production of clothing and only buy from factories that do not use this process.

Chrome-free tanned leather

For the manufacturing of leather, animal skins are tanned to make them durable. The most common method is chrome tanning, since it yields top quality and takes little time. Most of the leather products currently available on the market are chromium-tanned. However, during this process, chromium-VI compounds which are particularly harmful to the environment and health can be formed and released. That is why we worked together with our partners to use chromium-free processes without impairing the functional properties of the leather and since 2016 have tanned all products made from and with leather using a chrome-free process.

► Sustainable and transparent supply chains

Integrative supplier management

The production countries and factories for our consumer goods are chosen based on the requirements of our strategic risk management: we source particularly relevant product groups from at least two production markets – if possible – to ensure availability. We choose the factories carefully, following strict guidelines, to ensure that they meet our quality and sustainability standards. We see long-term business relationships with strategic partners as a decisive point of leverage – which is why in recent years we have, in a socially responsible way, reduced the number of suppliers that work for us to around 700. We have concluded framework agreements with our most important strategic suppliers, our core suppliers. They can have goods produced for Tchibo at more than one factory. The number of our core suppliers remained constant at 41 in 2016. As part of these minimising purchasing strategies, there are specific characteristics for three purchasing countries:

For years, Bangladesh has been one of the growing markets for purchasing clothing internationally. We have a direct business relationship – i.e. do business without intermediates – with a few selected producers there. These include long-term partners as well as newly opened, modern factories that meet our strict quality and sustainability requirements. Since 2012, we have handled purchasing in Bangladesh via a separate office in Dhaka. This greatly facilitates our oversight of the factories.

The historic Turkish company Ayka Textile has been our supplier for many years. Since 2010, Ayka has had a textiles factory in Ethiopia which we source products from. Ayka has fully integrated production in Ethiopia, i.e. all the production stages of cotton processing through to the finished product are combined in a single, modern factory. We have been involved locally here with our WE programme since 2011, and will continue these efforts. Around 50 % of our consumer goods assortment is produced in China, where we also work with longstanding partners who have modern factories. To stay competitive, Chinese companies are increasingly investing in the garment industry in other Asian countries, e.g. Myanmar. We only accept the factories there if our suppliers can prove that they meet our stringent standards for quality, environmental, and social responsibility.

Ensuring respect for human rights in the supply chain

In 2011, the United Nations adopted the Guiding Principles on Business and Human Rights. They are based on existing human rights obligations such as the International Human Rights Charter and the ILO core labour standards. They serve as an international framework that formulates requirements for the public and private sector, and for the first time form a generally accepted reference framework that also obliges businesses to respect human rights in global supply and value chains and prevent human rights violations. We are aware of this corporate responsibility and integrated human rights care into our business practices many years ago. We follow the guideline of respecting human rights and preventing violations of human rights – from raw material to product, above and beyond compliance with national laws. We are committed to ensuring that workers in the supply chains can assert their rights.

One key element in improving working conditions at production sites is our WE (Worldwide Enhancement of Social Quality) qualification programme, through which we have since 2007 supported 342 producers in implementing and improving their labour and social standards using dialogue-based training. Another important step on this path is the signing of the framework agreement with the IndustriALL Global Union in September 2016. The aim of this agreement is to further improve working conditions in the Asian production sites from which Tchibo sources products. This includes, in particular, the workers' right to form unions and engage in collective bargaining.



Creating transparency in the supply chain

An essential prerequisite for making supply chains sustainable is transparency. But supply chains are complex, as exemplified by the supply chain for cotton textiles: there are many steps in getting from cotton farming to finished garment, not just harvesting and transporting the raw material, but also other upstream steps such as spinning, weaving, knitting, dyeing, washing, packaging, packing. These are often carried out by different suppliers in different countries. In addition, there are suppliers of 'ingredients' such as buttons, zippers and appliqués. Knowing these different stages of the value creation chain is a challenge that we tackle together with our suppliers, because asserting labour, social and environmental standards involves the entire supply chain of all products, not just the last step of manufacturing. Our concept of focusing on fewer producers and developing them into strategic suppliers greatly facilitates this task.

To increase public transparency in global supply chains, in early 2017 we published our list of producers for home textiles, clothing and footwear. More and more consumers want to know where products come from and under what conditions they are made. We want to meet this need for information. However, this step also involves risks for our business, because by publishing our lists of producers, all our competitors now have transparency about the production sites we have qualified – including those competitors who choose not to publish their own lists of producers. This carries the risk of losing supplier capacity for our own needs. However, we rely on the principle of fairness in competition and feel that society's interest in vigorously asserting social and environmental standards in global supply chains is more important than the potential threat to our individual interests.

Supplier qualification: building trust and improving conditions in dialogue

Since 2007, Tchibo has relied on the WE (Worldwide Enhancement of Social Quality) qualification programme to achieve a long-term improvement in working conditions at the production sites and ensure respect for human rights, especially in Asia. The dialogue programme, which was jointly developed with the Germany's Society for International Cooperation (GIZ) and Federal Ministry for Economic Cooperation and Development (BMZ), locally supports producers in complying with human rights at their factories and gradually improving working conditions. Through dialogue and training, Tchibo puts employees, managers and employees in the production facilities, as well as their representatives, in a position to build and maintain mutual trust; moderated by trained dialogue coaches, they independently develop solutions. Tchibo employees regularly take part in the activities. This approach has had a tangible impact: thanks to WE, occupational health and safety have been improved, wages increased and benefits such as accommodation, canteen meals and opportunities for recreation improved. By the end of 2016, 323 producers from nine countries (Bangladesh, China, India, Cambodia, Laos, Myanmar, Pakistan, Thailand, Turkey and Vietnam) had participated in WE training courses or completed the programme. This means we have reached around 342,000 people in factories to date – managers as well as workers.

In 2015, based on a project evaluation and our many years of experience, we began to develop the next evolution of the WE programme. On the one hand, the idea is to tailor the programme even more individually to the respective production countries and increase its effectiveness. On the other, we are focusing WE even more stringently on human rights in accordance with the ILO Core Labour Standards, to boost social sustainability. We are also separating out the environmental standards training from the WE programme, and shifting it to independent programmes and projects as part of our Detox Commitment. This allows us to delineate the topics more sharply from each other and increase the effectiveness of the measures.

Five key topics will form the core of the programme from now on: prevention of modern forms of slavery, occupational health and safety, living wages and reasonable working hours, freedom of association and collective bargaining, and protection against discrimination and sexual assault. The training and measures related to these key topics are based on international and national standards, guidelines and laws. The factory's employees and managers and the local dialogue coaches independently decide which of the focus topics they consider a matter of priority based on their individual circumstances.

Case study: Ayka Textile

In Ethiopia, we cooperate with the historic Turkish company Ayka Textile, which opened a factory for clothing and textiles in Addis Ababa in 2010. At Ayka Textile in Ethiopia, all production steps take place at one site, from processing the cotton to the finished product. Around 7,000 employees work at Ayka Textile in Addis Ababa. We have been running our WE programme locally here since 2011 and have achieved a great deal since then. Communication and the working atmosphere have improved significantly, a pay-scale system has been established, co-determination structures have been introduced and are also practised, and there is a trusting and constructive working relationship with the local trade union. Discrimination cases have decreased significantly, occupational health and safety measures have been introduced and benefits improved for all employees.

Preventing risks, auditing producers

Usually the value chain of a consumer good comprises many stations worldwide. As a trading company, we cannot rule out breaches in this global chain, but we can identify them and systematically work to minimise them. To do this, we have developed a risk management system across the value chains, as stipulated by the United Nations' Guiding Principles for Business and Human Rights.

The basis for cooperation with our suppliers is the Tchibo Social and Environmental Code of Conduct (SCoC). We always audit new suppliers and producers according to the requirements of the SCoC before awarding a contract. Only if factories pass the audit do we accept them into our supplier portfolio. At a higher level, we also analyse the situation and risks in those countries where we want to produce our products or have them produced. We also prioritise factories with regard to respect for human rights and the culture of dialogue between managers and employees. The results of these analyses are incorporated into the purchasing strategy.

Existing suppliers that have not yet been able to participate in the WE programme are audited every three years in compliance with the stipulated deadlines; either we audit them ourselves, or commission external service providers to perform the audits. And although our producer monitoring has proven effective, we continue to further develop it. In 2016, for example, we carried out more audits of upstream suppliers.

Establishing grievance mechanisms

The SCoC, which is an element of all purchasing contracts, also requires producers to set up grievance procedures for employees or their representatives.



In our dialog-driven qualification program WE (Worldwide Enhancement of Social Quality), we create space for employees and the opportunity to address shortcomings and to work together with the management on improvements. We work with the IndustriALL Global Union, we also make particular efforts to promote freedom of association and the workers' right to form unions. Our strategic objective is for workers to be able to form local, independent and legitimate employee representations and exercise their right to join unions. The idea is to mitigate violations and resolve complaints directly and locally.

Since the share of (unionized) production sites in Asia and hence among our suppliers is low, Tchibo has set up mechanisms whereby workers can also turn directly to Tchibo in cases of labour law violations. Since the WE trainers are regularly on site at the factories and have built up the necessary trust among employees, they are often the first point of contact. If they cannot resolve the problems as part of their activities, they will involve

Tchibo and we will also seek appropriate action outside of the program. The framework agreement with IndustriALL also stipulates a process whereby Tchibo's national and local IndustriALL-affiliated unions will report on labour rights violations in factories; In the first year of the framework agreement, we already worked with unions from Bangladesh, Cambodia and Turkey to resolve local incidents.

As part of the Accord on Building and Fire Safety in Bangladesh, we have set up a cross-factory grievance system with union representatives, members of non-governmental organisations and trading companies. In addition, health and safety committees are set up to report safety risks at an early stage.

We also accept complaints directly – through our WE trainers, our ombudsman and non-governmental organisations. Grievances can also be addressed directly to Tchibo by using the email address socialcompliance@tchibo.de.

Reducing environmental impact in production

Besides putting labour and social standards into practice, we are also committed to reducing the environmental impact of extracting raw materials and manufacturing our consumer goods. We audit the producers for compliance with our environmental standards and share knowledge related to climate and environmental protection with them. A key component of our work is the Detox Commitment to Greenpeace, signed in 2014, in which we pledged to cease the use of unwanted chemicals in production, especially our textile suppliers, by 2020. In addition, we are engaged in industry-wide initiatives to reduce CO₂ emissions in production and to conserve biodiversity.

Detox Commitment: Minimising the use of chemicals

In 2011, the environmental organisation Greenpeace launched its Detox campaign to draw attention to the use of hazardous chemicals in textile production. By signing the Detox Commitment in October 2014, like many other international trading companies we publicly pledged our commitment to end the use of hazardous chemicals in production, especially by our textiles suppliers, by 2020. The task now is to achieve this ambitious goal step by step – a significant challenge, especially given the widely ramified supply chains.

The basis for eliminating such chemicals from our supply chains is the Manufacturing Restricted Substances List (MRSL). It lists potentially hazardous substances that can be used in the manufacture of textiles as well as other consumer goods. In the finished product, these are safe for users, but they can accumulate in the environment. In the Alliance for Sustainable Textiles, Tchibo supported the adoption of common minimum requirements for an MRSL as a starting point for the industry. But our own requirements go far beyond this. For example, even before 2016, we completely banned all PFCs (per- and polyfluorinated compounds) for water-repellent coatings on outdoor clothing textiles. Tchibo uses PFC-free finishes like ecorepel® instead. There is also a complete ban on flame retardants in the manufacture of Tchibo products. These requirements formulated in the Tchibo MRSL are being continuously further developed.

Since signing the Detox Commitment, Tchibo has systematically created transparency about the detox-relevant upstream steps in its textile value chains. In 2016, we identified 126 'wet plants', which were involved in the production of around 86 % of all textiles sold in 2015. At these wet plants, we conducted wastewater analyses to obtain information on the presence of undesirable chemical groups and to derive priority needs for action from this. The results of these tests are published on the Institute for Public and Environmental Affairs (IPE) website.

Tchibo offers its suppliers assistance in the implementation of the sometimes complex and demanding requirements. In 2016, this included training and workshops at strategic suppliers that manufacture more than 47 % of the textiles produced for Tchibo.

Beyond this, Tchibo provided its suppliers and subcontractors with a manual as well as technical documents in 2016. For example, a format for drafting a chemical inventory serves as the basis for establishing a supplier's chemicals management system. The template also enables the consistent integration of Detox requirements into the sector-wide supply chains.

To further promote our local advisory services, in 2016 we conceived and adopted a qualification programme for chemical- and sewage-intensive production companies together with the German Society for International Cooperation (GIZ) and the Rewe Group. As part of the project, local experts are trained in Bangladesh and China to support 110 production companies in setting up a chemicals management system.

Our next steps will be to expand the support to our suppliers and their wet plants in implementing the Detox requirements and to further increase transparency in the supply chain. Concurrently to this, we will continue our involvement in collaborations and initiatives such as the Textile Alliance, to promote common approaches within the industry.

“In October 2014, Tchibo became the first major retailer to commit to getting rid of toxins by 2020. In contrast to the other supermarket chains, Tchibo’s commitment encompasses not only clothing and footwear, but its entire Non Food portfolio. The various publications connected with its Detox commitment show that Tchibo has established itself as a frontrunner.”

Carbon Performance Improvement Initiative

In 2011, we teamed up with eight other companies to found the Carbon Performance Improvement Initiative (CPI2). It uses an online tool to give manufacturers specific recommendations on how to reduce energy consumption and hence greenhouse gas emissions in production. Modules for water and chemicals management have been integrated since 2015.

Around 1,600 factories in 34 countries have already used the tool. In 2017, to complement our environmental monitoring and Detox qualification programmes, we will persuade additional factories that produce for Tchibo to use the online tool.



Biodiversity in Good Company

Since 2012, we have been a member of a cross-sector initiative called ‘Biodiversity in Good Company’. By signing its Leadership Declaration, we have committed, among other things, to protecting biodiversity in our environmental management system, defining concrete biodiversity targets, and gradually implementing them together with our suppliers. In 2016, we published our third Progress Report.



► **Global challenges: Initiatives to develop system solutions**

Jointly campaigning for better working conditions

Helping social and environmental standards become mainstreamed at national and international level requires a concerted effort by government, businesses, employers' associations, trade unions, and non-governmental organisations. That is why we are involved in various initiatives – both at industry level and beyond.

For freedom of association and collective bargaining: Framework agreement with the IndustriALL Global Union

In September 2016, Tchibo became the first German trading company to sign a framework agreement with the IndustriALL Global union. This step reinforces our commitment to improving working conditions, including trade freedom of association and collective bargaining in the production countries. This idea is to make it easier for our consumer goods suppliers' employees and local trade unions in the factories to bargain collectively on wages, social benefits and working hours in their companies and across the industry.

Tchibo has been working with the IndustriALL Global Union and its affiliated trade union members for ten years. A global federation of trade unions in the manufacturing sectors, IndustriALL is an important partner in cases of complaints at the factories, in the development of strategies and programmes, and in the cooperation with other companies on building and fire safety in Bangladesh.



For more safety in the workplace: Accord on Fire and Building Safety in Bangladesh

In 2012, Tchibo became the world's second company to sign the Accord on Fire and Building Safety in Bangladesh, which was initiated by leading trade unions and NGOs. Since May 2013, more than 200 other international clothing companies have joined the accord. As a member of the steering committee from November 2014 to September 2015, Tchibo promoted the implementation of these measures together with representatives of other companies and trade unions. The agreement, which initially is valid through May 2018, focuses on fire, electrical and building safety inspections by independent experts. If deficiencies are discovered, the owners are obligated to resolve them with concrete measures within specified deadlines. By the end of 2014, inspections were completed at all factories that produce for Tchibo in Bangladesh. We support the owners and work with the factories to continuously improve building and fire safety, for example through the modernisation of fire protection systems. The employees are encouraged and trained not only to recognise safety risks, but also to report them. In 2017, the agreement was renewed to beyond May 2018. This ensures that factory improvement measures will continue to be monitored by independent bodies and that workers' rights will be strengthened until the public authorities in Bangladesh have created the structures necessary to continue the work done by the Accord.



For living wages: ACT (Action, Collaboration, Transformation) on living wages

Together with other clothing and textiles traders and the IndustriALL Global Union, Tchibo works in the ACT (Action, Collaboration, Transformation) initiative to promote industry-wide wage bargaining between social partners as equals. The initiative aims to establish industry-wide collective bargaining in all production markets, supported by training in factories and in the trade unions. Living wages are to become a reality for all the country's textile industry workers regardless of which factories they work at, and what manufacturers or brands they produce for. Rules for fair purchasing practices for all global retailers are meant to reduce wage pressure. The aim of such a sectoral approach is also that there is no distortion of competition, because all production sites have to pay higher wages. Tchibo is actively involved in the initiative and is a member of the Purchasing Practices working group.



For social and ecological standards along the supply chain: Partnership for Sustainable Textiles

In October 2014, the Federal Ministry for Economic Cooperation and Development (BMZ) joined forces with representatives of the textile industry, trade unions, civil society and international sustainability initiatives and standard organisations to launch the Partnership for Sustainable Textiles. The aim of this alliance of business, policymakers, non-governmental and standards organisations, trade unions, and science and academe, is to improve social and environmental standards across the entire textile value chain.

We joined the alliance in 2015. We are active in all of the alliance's working groups. In August 2017, as part of our work in the alliance, we published our 'roadmap' for 2017. It contains 15 measures to further improve the environmental and working conditions in our textile supply chains.



As part of our membership, we are currently supporting two initiatives:

A multi-stakeholder process to systematically improve the working conditions of girls and young women in spinning and textile mills in the southern Indian state of Tamil Nadu, and an initiative to develop chemicals and environmental management based on our strategic alliance with the German Society for International Cooperation (GIZ) and the Rewe Group.

In 2017, the Alliance initiated a water management project in Pakistan that will reduce the extremely high level of water consumption in the cotton supply chain and thus also alleviate the conflict with the drinking water supply.

For labour and social standards in the textile and clothing sector in Myanmar

In 2016, we launched another collaboration with the German Society for International Cooperation (GIZ). As part of the GIZ 'Working and Social Standards in the Textile and Clothing Sector in Asia' project, we are committed to upholding human rights and labour standards in Myanmar. We are carrying out a joint training programme at our four core suppliers in Myanmar, with the aim of strengthening and improving the social dialogue between management, employees, their representatives, and business associations. In addition to GIZ, the national member union of the IndustriALL Global Union, CTMU, is our local partner, because the trainings in Myanmar are part of our activities under the framework agreement with IndustriALL.

For clean production: Establishing local Detox advisory structures

Many suppliers and their own suppliers rely on consulting services to fulfil the ambitious Detox Commitment goals. However, these offers as well as local networks are often lacking in these places. The cooperation between Tchibo and the Rewe Group and the German Society for International Cooperation (GIZ), supported by the Alliance for Sustainable Textiles as a coalition initiative, is currently developing a programme to train Detox consultants and instructors. The project aims to create local advisory structures in China and Bangladesh and locally assist producers in establishing a Detox-compatible chemicals management system.

For the organic cotton sector: Organic Cotton Accelerator

Cotton is the number one commodity used in Tchibo consumer goods, which is why Tchibo is committed, at various levels, to sustainability in the cultivation and processing of cotton. As a founding member of the Organic Cotton Accelerator (OCA) multi-stakeholder initiative, we advocate an expanding organic cotton sector that benefits everyone – from farmer to consumer.



OCA members work in joint development projects to accelerate the structural transformation from conventional to more organic cotton (cultivation and use) as quickly as possible, i.e. both to increase the demand for organic cotton and organic cotton products, and to support farmers in the cultivation of organic cotton. This includes fair purchasing practices, improving farmers' access to high-quality organic cottonseed, and the integrity of processes across all stages of the supply chain.

► Educational Projects in the countries of origin

For sustainable cotton farming in sub-Saharan Africa: Cotton made in Africa

The Aid by Trade Foundation's Cotton made in Africa (CmiA) initiative has long been an important partner for Tchibo. Together with other stakeholders, we help African cotton-farming families in the sub-Saharan region to lastingly improve their living conditions. So Tchibo purchases CmiA cotton and has it processed in its clothing and home textiles assortments. For this it pays a licence fee, which is invested in the growing areas, e.g. to fund training, women's programmes, village community projects, or cotton certification, whose costs should not be borne by the cotton farmers.



Currently, 30 % of the cotton produced in sub-Saharan Africa is CmiA-certified, which makes CmiA probably Africa's most important initiative for smallholders, their families and communities, as well as for environmental protection in cotton production. With its latest 'Wear a smile' campaign, the initiative seeks to draw attention to the fact that by purchasing textiles made with CmiA cotton, consumers are doing exactly the right thing and are giving the gift of a smile as well. Tchibo is actively involved in the campaign, as shown by the smiling mouth on its products.

CmiA is particularly committed to advocating better working and environmental conditions in the fields, for children's education, and for strengthening smallholders' rights. In basic business courses, cotton farmers learn how to run their farm as a small business and to plan with according foresight. Under the motto 'helping people to help themselves' they are supported in independently taking care of themselves and their families and shaping their lives with self-confidence.

CmiA-certified cotton does not come from monocultures. Strict attention is paid to ensuring that no rainforests are cut down for its cultivation, and no genetically modified seeds or dangerous pesticides are used. The climate is also protected, because CmiA cotton farming produces less greenhouse gases compared to conventional cotton.

Focus on Zambia: Enabling children to attend school

Zambia is one of the poorest countries in sub-Saharan Africa. Together with the Deutsche Investitions- und Entwicklungsgesellschaft (DEG), the Aid by Trade Foundation, and the cotton company Cargill Zambia, Tchibo supported a school project in Zambia's Eastern Province from 2012 to the end of January 2016 as part of the CmiA initiative. There are nearly 45,000 smallholders in the project region. Eight new school buildings were constructed, and renovation work carried out on two other schools. The schools were equipped with solar systems, wells, school gardens and toilets. The project significantly improved the infrastructural conditions such as access to education and clean drinking water, especially in remote rural areas.



Customers & Products

► Strategy and Management

Inspiring customers, strengthening trust, and sustainably expanding our ranges

The Tchibo brand lives by its customers' trust and enthusiasm. We can only continue to be successful if we strengthen this trust and keep kindling this enthusiasm. This is why we maintain a resolute focus on our customers, highest product quality, and uncompromising consumer protection. On the path to becoming a 100 % sustainable business, we are continuously expanding our range of sustainable products and individual services, and are intensifying communication on sustainability, thereby promoting responsible consumption.

Tchibo represents a unique business model: we combine the highest expertise in roasted coffee, coffee enjoyment in our branded coffee bars with an innovative weekly changing range of consumer goods with services including travel and mobile communications. We have operations in nine countries, including more than 1,000 Tchibo shops, approximately 22,300 supermarket Depots (concessions), and a number of national online shops. As a family-owned company, we laid the foundations for a pronounced customer focus more than 65 years ago.

It is a core value of our corporate culture to this day, and firmly anchored in the Tchibo DNA. We strive to ensure that our customers are not just satisfied, but inspired. "A new world every week" – we want our customers to see this claim confirmed on a daily basis: with attractive products and a unique shopping and service experience that encompasses all sales channels – from Tchibo shops to concessions (Depots in supermarkets) to online shops. We will continue to live up to this claim and keep surprising our customers with new products and services. At the same time, we are making our product lines more and more sustainable and intensifying our sustainability communications. The path to becoming a 100 % sustainable business can only be successfully pursued together with our customers. We build their awareness and enthusiasm for our sustainable products and their advantages – and thus help to promote sustainable consumption.

The trust of our customers is a cornerstone of our success. Because this trust is based partly on commitment and reliability, interacting with our customers is very important to us: we listen to them, are open to criticism, review requests and suggestions, and adjust our actions accordingly.

Setting priorities: further development of the priorities

We are continuously developing our sustainability management. Based on a materiality analysis, in 2012 we determined the following focus topics: 'Customer focus and service', 'Product quality and safety', and 'Consumer and data privacy'. In 2016, we conducted extensive stakeholder dialogues, the results of which are incorporated into the further development of our main focus areas. In this way, we are focusing our efforts even more on promoting responsible consumption by making our product ranges and services increasingly sustainable and intensifying sustainability communications.

Challenges: retail in the age of digitisation



The market we operate in is evolving steadily. First and foremost, digitisation is changing customers' buying behaviour and expectations, leading to more complex forms of customer relationship, and at the same time opening up new possibilities for further developing our services in a customer-focused manner. Against this backdrop, we are addressing four key challenges in the market and are developing viable solutions to effectively address them.

Ensure customer loyalty: Customer loyalty decreases in the course of 100 % price and offering transparency through online retail. In order to continue to inspire our customers in this market environment, Tchibo offers the best quality and always strives to offer innovative products and first-class services.

Customer enthusiasm: Digitisation opens up new possibilities for us to further develop our services. Speed, both in delivery and in communication, is a decisive factor here. However, the basis on which we are expanding our services remains the same: a personal relationship with our customers based on trust.

Dialogue: Social media channels open up an opportunity for customers to communicate their opinions to us directly and quickly. We regard this form of direct dialogue as an opportunity. We can better align ourselves to the needs of our customers and at the same time openly discuss critical feedback. With this form of honest and transparent communication, we also fulfil the expectations of customers in terms of transparency, openness and depth of information, particularly in the area of sustainability communication.

Responsible consumption: With the expansion of our sustainable product lines, we also meet the requirements of many customers for responsibly manufactured products, as studies and customer surveys prove. We focus on coffee, cotton and viscose textiles, furniture and handicraft utensils made of wood and cellulose as shoes, bags and accessories made of leather. The fact that we are making steady progress in this is attested to by the German Sustainability Award Foundation naming us as Germany's Most Sustainable Large Company in November 2016. In order to meet this demand in the future, Tchibo is engaged in the coffee and consumer goods supply chains.

Inspiring customers with resolute customer focus

Customers are at the centre of our considerations and actions. We put this principle into action every day and it has been anchored in our Tchibo DNA since the company was founded. We offer our customers excellent service management, communicate openly and honestly, and always consider aspects of sustainability and innovation as we continuously develop our offers and services. We also keep a close eye on the customer's needs and wishes and fulfil them with a growing range of individual services and with comprehensive communications.

For instance, we responded promptly to customers' changing buying behaviour during the transformation to digital, and developed a new service. In 2013, we expanded our multi-channel system into a cross-channel system, in which our sales channels – Tchibo shops, Depots and the internet – are connected in such a way that customers can combine them as needed for order, pick-up and exchange. An important element of our comprehensive customer focus is an open, transparent dialogue with our customers that does not ignore or eschew critical topics. In 2016, for example, we responded to an ARD brand check that criticised the naphthalene values of a Minion toy figure by recalling the product and making a public statement on our Tchibo Corporate Blog. We also hosted an in-house dialogue event where we fielded critical questions regarding quality and sustainability.

For us, customer focus also means raising our customers' awareness of our environmentally and socially compatible product ranges, and get them excited about sustainable consumption.

Transparent, open exchange with customers

Our communication with customers is characterised by transparency and open dialogue: whether on the product itself, in our shops and concessions (Depots), on our websites, in the Tchibo magazine, or on social media channels. It goes without saying that we adhere to the principles of competition law in our advertising and marketing communications, and avoid misleading information. We base our product-related environmental communications on the nine principles of the ISO 14020 standard, which also provides the framework for the communication, labelling and declaration of environmental aspects.

We put our claim of open dialogue into practice by seeking an exchange with our customers and other consumers using various communication tools. We interact directly with customers and consumers on various social networks, such as Facebook, Twitter, Instagram, YouTube and our Tchibo Corporate Blog, where we receive valuable feedback on offers and activities. To manage the Tchibo blog professionally, we created the new post of Blogger Relations in 2015. The Tchibo Community (formerly Tchibo Ideas) on our www.tchibo.de website is a section for discovery, participation, experimenting and exchanging ideas. These forms of dialogue and service increase customer satisfaction and enthusiasm. In 2017, we came second out of 324 companies in a customer survey conducted by the market researchers at Service Value, with a score of 2.05 (grades range from 1-6, with 1 being the highest possible score, equivalent to an A).

Highest product quality and uncompromising consumer protection

We seek to offer our customers top product quality at fair prices at all times, so we always have our items produced according to consistent, stringent standards. We see legal requirements as minimum requirements, which we go far above and beyond in many aspects. For example, in coffee we voluntarily comply with International Food Standards (IFS 5). We test the quality of our products ourselves, as well as with the assistance of independent and accredited external institutes. We stipulate clear requirements for safety, functionality, workmanship and materials. Our Social and Environmental Code of Conduct (SCoC) additionally specifies social and environmental standards for the production of our consumer goods – because the Tchibo quality promise applies not only to product features, but also to our ethical standards.

Our comprehensive data protection management guarantees a careful and strictly confidential handling of all the information entrusted to us by our customers and employees. Here too, we go beyond the legal requirements.

Promoting responsible consumption

On the path to becoming a 100 % sustainable business, we systematically work to offer our customers ever more products that have been manufactured in an ecologically and socially compatible way. This corresponds our customers' wishes, as surveys show: according to our Tchibo Experts customer survey 2014, sustainable production is important for 65 % of respondents. A recent 2016 Serviceplan survey arrived at a similar conclusion: it found that 70 % of Germans would like to act sustainably and 'do good', albeit without having to make sacrifices.



Prerequisites for promoting responsible consumption include not only a ready supply of sustainable products, but also easily-understood sustainability communication. It provides customers with a sound basis for decision making and contributes significantly to increasing customer uptake/acceptance of the products – e.g., through the Tchibo 'GUT GEMACHT' (DONE IN A GOOD WAY) logo. Our customers' deliberate decision to buy sustainable products affects the speed at which we can achieve our goal of becoming a 100 % sustainable business.



► Delighting customers

Top priority: customer expectations, wishes and concerns

As a core value of our corporate culture, customer focus is firmly anchored in the Tchibo DNA. With this in mind, we work daily to ensure that our customers are not just satisfied but inspired: through attractive products and excellent service management across all sales channels.



We can only succeed in doing this if we know, fulfil and even exceed customer expectations. Online shopping in particular has changed customer behaviour in recent years and has increased their expectations. This is why Tchibo connects the on- and offline worlds in a cross-channel system that lets customers shop even more conveniently, and keeps developing its services. We see customer focus as a holistic process, with many interlocking cogs – from product management, purchasing and logistics, to customer consultation, comprehensive customer service, and warranty and repair services. Our aim is always to

delight our customers. For example, we make improvements to our processes, e.g. our customer information systems or the repair process. We offer special training for employees who are in direct contact with customers – for Tchibo employees as well as those of our call-centre service partners. Employees from across the company are given an opportunity to 'see things through the customers' lens by spending some time shadowing our customer service agents.

Our customer service staff always works to make our customers' everyday life easier and more enjoyable. We give top priority to customers' concerns, questions and wishes are our top priority, and therefore do everything in our power to impress them with our products and services, and to live up to our claim of top quality. To this end, we have formulated a service and quality promise as a central benchmark for all employees. It concentrates on the "8 service dimensions for Tchibo customer enthusiasm": professional competence, appreciation, surprise, speed, equanimity, reliability, individualisation, and friendliness. The individualisation service dimension can also be optimally fulfilled digitally, for example. With the Tchibo Community we have the opportunity to personally address customers and offer them with customised products or services.

Quality assurance in customer service

Besides our Tchibo shops, customer service is the only department in the company that has direct contact with customers. Due to its great variety of customer contact, it is particularly important to customer relationship management – and thus to Tchibo's business success. In order to assess, safeguard and thus improve the quality of its core service, i.e. meeting customer requests, we evaluate telephone and written correspondence for coaching and training purposes – in agreement with our customers and in compliance with data protection requirements. This evaluation focuses on qualitative aspects such as the professional competence and communicative performance of our customer advisors.

We process customer requests in a quick, fair and reliable way. But do our customers feel the same way? We regularly survey them about this. Feedback, even and especially criticism, complaints or suggestions for improvement help us to meet our customers' expectations and keep inspiring them. At the same time, they provide us with important input for developing innovations and revising our services.

With the aim of establishing a Tchibo service dialogue that is in line with our brand, we have expanded our basic requirements for customer communication (simple, structured, concise and attentive) to include our brand attributes. The Tchibo brand speaks in a warm, authentic and clear voice. Following these principles, we have developed a Tchibo communications manual, tonality as well as texts and templates for standard communications, and have trained our employees and business partners accordingly.

Keep developing the ranges and services

Building on our understanding of service, we are constantly developing our offers, and respond to changes in purchasing behaviour at an early stage. Since 2014, we have made online shopping even more attractive for our customers with new applications and services, e.g. the option of paying with PayPal, having packages delivered to DHL parcel stations, or using the online "Store Availability Check," which shows customers what stores have a given product in stock.

We also adapt our product ranges to our customers' wishes – which have changed over time: 80 % of our customers are 'deliberate buyers' at this point. They know what they want, specifically search for it online, and buy it. For this reason, in 2014 we established a permanent product range in our online shop. On our customers' request, the items of our permanent range have been expanded in particularly popular product categories such as underwear, children's fashion, sportswear, and kitchenware.

► Dialogue & interactive platforms

Involving customers: honest communications, open dialogue

Our dialogue with customers is characterised by transparency and an open dialogue: whether on the product, in our Tchibo shops and Depots (supermarket concessions), on our websites, in the Tchibo magazine or via social media channels. In line with our policy of open dialogue, we do not issue one-way communication, but seek an exchange, especially with critical stakeholders such as consumers and multipliers, including bloggers and journalists. Social media channels offer a suitable platform for this. For instance, critical comments from consumers are often picked up on and discussed in the Corporate Blog. The Tchibo Community at tchibo.de is a new, interactive area where customers can share their thoughts about our products and thematic ranges, find inspiration, and take part in weekly participatory campaigns.

Transparent customer communications across all channels

Customer relations have become more complex, because the various social media channels open up new opportunities for consumers to give feedback and publicly voice their opinions, including in the form of criticism. Tchibo sees this as an opportunity to enter into an open, appreciative dialogue with customers and other consumers. For this, we use various social networks and our own channels.

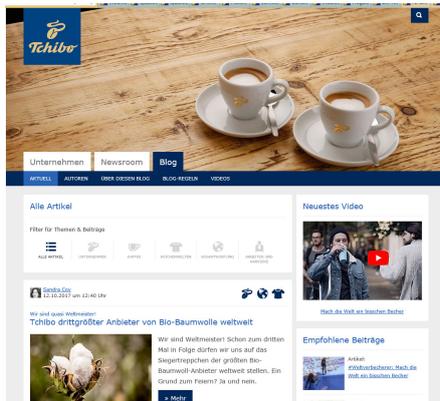
Social Media



Facebook, Twitter, Instagram, YouTube and our own Tchibo blog – Tchibo has steadily intensified its social media activities since 2011. In line with the principle of 360-degree communication, customers and multipliers can contact us on all channels. Thanks to this direct dialogue, we benefit from feedback on campaigns and products, can build new customer relationships, consolidate existing ones, and communicate directly and personally.

In spring 2017, for example, we launched an innovative social media marketing campaign to publicise our FOR BLACK 'N WHITE filter coffee among younger customers as a specific target group and individually: through seven tailor-made films for seven different target groups on Facebook. Since the coffee is also certified as sustainable according to the UTZ standard, we were able to publicise our sustainability management and promote responsible consumption at the same time.

Corporate Blog



In 2016 the Tchibo blog was voted 'Best Corporate Blog' in Germany, an award it has won for several years in a row. It not only has an excellent reach of more than 65,000 readers a month, but is also valued as a high-quality medium. All the articles and topics are written by our own staff and guest authors, who share first-hand information with their readers. They come from various departments, such as Coffee, Non Food, Product Development, Sustainability, Human Resources, and Corporate Communications. An important principle of this tool is that the Tchibo blog lives by interaction, and explicitly invites readers to exchange thoughts and opinions.

Blogger and influencer relations



The influence that bloggers and other influencers have on their communities is growing steadily. They are regarded as independent and authentic opinion leaders, purveyors of information, and trendsetters. Tchibo, too, needs to win over this community of communicators, which inspires consumers and hence our customers as well. To this end, in 2015 we hired a staff member who is exclusively responsible for 'blogger and influencer relations'. The term 'relations' is particularly important to us, as a fair, transparent and valued relationship with bloggers and influencers is crucial to the success of the

cooperation. Tchibo sees bloggers and influencers as experts and external partners. We are open to their criticism and seek a long-term dialogue.

In early 2016, we founded the Tchibo Blogger Advisory Board with the aim of further reinforcing bloggers' and influencers' trust in Tchibo and sustaining it long-term. Comprising experts and insiders from the blogosphere, it supports the work of Blogger and Influencer Relations managers and delivers honest criticism and creative input. Blogger and Influencer Relations decisions and measures are usually discussed with the Advisory Board. The open dialogue has already proved its worth. Communication conforms to the Tchibo Blogger and Influencer Relations Guidelines. We send out a monthly newsletter to relevant bloggers and influencers, letting them know about news, collaborations and important events in the Tchibo world.

Tchibo Community

Willkommen in der Tchibo Community

Als Inhaber der TchiboCard hast Du exklusiv Zugang in unserer Community – hier tauschen sich Freunde, Experten und Gleichgesinnte rund um ihre Lieblingshemmen aus.

Auf dich warten neben wertvollen Tipps & Tricks von Insidern auch interessante Typentests und beste Unterhaltung. Natürlich wollen wir auch von dir hören: Teile als offizieller Produktmeister deine Meinung mit uns oder stimme zusammen mit der Community für deine Favoriten aus unserer Kollektion ab.

We further developed the former ‘Tchibo ideas’ digital participatory platform and in October 2016 launched it as the ‘Tchibo Community’ on our tchibo.de website. Like its predecessor Tchibo ideas, it provides an area for discovery, participation and trying things out. Users can become product testers, watch tutorials, or find out which coffee or holiday type they are. These interactive options are offered on a platform that, unlike its predecessor, is directly integrated into the online shop. Any customer with an existing online shop account can register directly and participate for free. One important element are the weekly participatory activities in which customers participate, interact with each other, and find inspiration. We have already been able to incorporate our sustainability management here as well, e.g. with a tutorial that shows children how to easily turn an old shirt into a cool new one.

► Quality & Safety

Safety and quality: high standards, strict controls

We strive to offer our customers top product quality at fair prices at all times. Customers should be able to count on the safety and durability of our innovative consumer goods just as they can rely on the unsurpassed aroma and flavour of our coffee products. To ensure this, our production always follows stringent, consistent standards. We test the quality of our products ourselves, as well as with the assistance of independent accredited external institutes. We stipulate clear requirements for the safety, functionality, workmanship and materials of our products. Our Social and Environmental Code of Conduct (SCoC) additionally specifies social and environmental standards for their production – because the Tchibo quality promise applies not only to product features, but also to the conditions they are produced under.

Selected suppliers produce for Tchibo according to stringent quality specifications: as part of our quality assurance, all products are tested for compliance with these specifications before we offer them for sale. We conduct our own extensive checks and inspections, and also work with a number of independent and accredited third-party testing institutes. The tests are based on legal requirements and international standards as well as our own Tchibo specifications, which are often stricter than those of the legislators. The TCM (Tchibo Certified Merchandise) quality seal distinguishes consumer goods produced exclusively for Tchibo and guarantees that they were subjected to the most stringent tests.

If despite our high standards, if occasionally something does not work or a product does not correspond to our customers’ expectations, we help assert guarantees and claims, and treat them with goodwill and fairness.

Coffee: comprehensive quality claim

We apply comprehensive quality standards to the supply chain of our coffee – from how the coffee plants are grown to the packaging of the roasted beans.

Cultivation: We use the best beans from high-quality Arabica coffee plants for our coffee. For our Espresso products, we also use Robusta coffee to achieve the 'typical' Espresso flavour. We apply the highest quality standards. This includes promoting environmentally and socially responsible farming methods in the countries of origin. That is why we are continually increasing the share of the green coffee we process, that has been certified or validated by internationally recognised standards organisations. In sourcing it, we rely on good and long-standing supplier relationships to exporters and traders, as well as direct contact with coffee farmers and cooperatives. Our coffee experts regularly visit the producing countries to check on the cultivation methods and quality of the green coffee.

Transport: As green coffee beans age rapidly, and can absorb external odours and flavours, we ensure rapid and careful transport immediately after harvest.

Roasting: The beans initially undergo quality testing. Small amounts are roasted and brewed so that coffee tasters can identify the fullness, acidity and aroma of the coffee, and finalise the composition of the final product. At the roasting plant, green coffee is turned into roasted coffee – a crucial process that brings out the various flavours of the coffee beans. Our roasters comply with the strict hygiene standards and the complete documentation of the entire roasting process according to the latest International Food Standards (IFS 5).

Packaging: The aroma of coffee is extremely sensitive to oxygen, moisture, light and heat. High-quality packaging is required to protect it. Tchibo coffee is packed in plastic film in an oxygen-free environment. We guarantee the harmlessness of the materials used for this, and ensure that the packaging will not affect the flavour. Unfortunately, aluminium is still required for lining and metallising the plastic films; we are reviewing the possibility of an eco-friendlier solution.

Our standards for Tchibo coffee quality are summarised in the binding Tchibo Coffee Quality Standards. Our central Coffee Quality Management team monitors compliance with these standards, regularly checks the quality of our coffee, and takes appropriate action if deviations occur.

Consumer goods: quality from product development to sale

At Tchibo, quality is part of the design. A team of product managers, designers, buyers, quality developers, and quality testers who are all experts in their field – e.g. electrical appliances or clothing – are responsible for the product idea and its planning and implementation. Together, they work on the goal of ensuring customer satisfaction with the quality, design and price. The Tchibo quality management process covers the four steps of product development, quality development, quality assurance, and ensuring that customer information requirements are met.

Product development: Experts from product management, procurement and quality management initially determine the item's materials and design requirements. Important criteria for this include longevity, practicality, and maximum product safety. Only suppliers that agree to comply with the Tchibo SCoC are commissioned to manufacture products.

Quality development: Regular reviews of the manufacturing process through product samples and on-site visits to factories are indispensable for quality development.

Packaging: To ensure that the items are transported appropriately and without damage, we also set high quality requirements for transport and packaging. Before shipping our products, we run a variety of tests to make sure that they are well protected on their way to the Tchibo shops, Depots, or directly to the customer.

Quality assurance: All consumer goods are subjected to a final incoming goods inspection according to the Acceptable Quality Level (AQL) procedure. This ensures that all quality requirements have been implemented and a flawless product is sold to the customer. The final check takes place in an Inspection Centre in the respective production country before shipment, or on delivery to the main warehouse in Bremen – or, depending on the product, in both countries.

Ensuring customer information requirements: In accordance with our holistic concept of quality, our high standards do not end with delivery, as quality also plays a decisive role in sales and consulting. Detailed product information and operating instructions are included with the product and are also available at our online shop. As a matter of course, we comply with the appropriate standards for the structure and clarity of the operating instructions.

Integration of customer feedback: When our customers purchase a product, another important phase of our quality assurance process begins. Predefined information paths ensure that all relevant insights regarding potential improvements are incorporated into the development of successor products. This involves assessing customer returns and soliciting feedback from our Tchibo shop employees. For example, we conduct monthly surveys of the Tchibo shop managers to see how the weekly ranges are received by customers, and whether there are any suggestions for improvement.

Leading the way in quality management for consumer goods

With REACH (Registration, Authorisation and Evaluation of Chemicals), the EU has adopted one of the most comprehensive directives for the registration, authorisation and limitation of hazardous chemicals to date. The serious implementation of REACH requires a general rethink and great commitment for all protagonists in the supply chain. We have made an early start on driving forward the implementation of the regulation, which is why we are working to find new, REACH-compliant solutions for ourselves, for our suppliers and, of course, for our customers. For example, we are excluding the 'substances of very high concern' (SVHC) listed in REACH from our consumer articles. Consumers can use the ToxFox app from BUND e.V. to ask questions about SVHCs in products. We are well prepared. Our quality management reviews incoming inquiries and can be relied on to send an answer within 45 days.

► Responsible consumption

Getting people excited about responsible consumption: expanded product ranges, intensified communications

On the path to becoming a 100 % sustainable business, we resolutely work on offering our customers more and more eco-friendly and socially compatible products. By continuously expanding our sustainably produced range of products, we want to encourage them to embrace sustainable consumption. For our customers to choose responsible consumption, we must explain sustainability in a credible, understandable, and appealing way, because our customers' purchasing decisions influence the breadth and depth of our sustainability measures, as well as the pace at which we achieve our goal of becoming a 100 % sustainable business. To keep our customers even better informed about our activities in the area of sustainability, we are further expanding our communications: via traditional channels as well as on social media platforms and at the points of sale.

Inspiring people with sustainable product ranges

Our focus in expanding our sustainable ranges is on coffee, cotton and viscose textiles, furniture and handcraft utensils made of wood and cellulose, as well as shoes, bags and accessories made of leather. In 2016, we made further progress in this expansion.

Sustainable coffee assortments: validated and certified

The share of certified and validated sustainable green coffee amounted to around 36 % in 2016. In the medium term, we want to integrate all coffees into our sustainability concept. As early as 2010, we converted the entire range of our 'Privat' coffee range including the 'Rarities' to 100 % sustainable grades according to the Rainforest Alliance Certified™ standard with an organic option. And since 2009, our Coffee Bars have only used sustainable coffee grades for our coffee beverages and specialties, certified according to Fairtrade standard, among others. We had twice the reason to celebrate the tenth anniversary of our Cafissimo capsule system in 2016, because we also started offering coffee with the Fairtrade seal in this segment, in addition to coffees from Rainforest Alliance Certified™ or UTZ-certified farms and the European organic seal. To ensure all consumers can recognise sustainable coffee grades at a glance, we put the respective seals on the front or rear of the packaging. In 2016, we also switched our 'For Black n'White' filter coffee to certified sustainable grades, in this case the UTZ standard. We developed the new Blonde Roast coffee and introduced it in 2017. Its light roasting, low bitterness and soft-fruity flavour especially appeal to a generation of consumers that loves filter coffee. Blonde Roast is certified according to the Rainforest Alliance standard, as are the coffee grades used in our Gala and Eduscho Espresso and Caffee Crema assortments.



Consumer goods: Focus on environmental and social compatibility

With the expansion of our sustainable product lines, we meet many consumers' requirements for responsibly produced products. In 2016, we further developed our concept. All consumer goods are made of various materials from different places of origin, and that have different effects and requirements. To reduce this complexity, we have divided our Non Food items into two main product groups, which we analyse in greater detail in four stages. The two main product groups are 'textiles', which includes clothing, sportswear and functional underwear, bedding, shoes and more, and 'hardware' such as furniture, electrical appliances, and jewellery.

We begin by concentrating on the main components of a product group, e.g. cotton, and set a target to only use raw materials from sustainable sources for them by 2020. Then we look at the material used that makes up next-highest share, such as spandex, and in the third step examine additional components such as buttons. The final step is to focus on the manufacturing process. Using this approach, we plan to significantly increase the environmental and social compatibility of our products by 2020.



In 2016, we once again expanded our existing sustainable product range.

Cotton: Tchibo uses more cotton from sustainable sources in its textiles every year. According to the Organic Cotton Market Report, we were the world's third-largest buyer of organic cotton in 2016. In 2016, the share of cotton from sustainable sources in our products was 80 %, which means that we are getting ever closer to our goal of using sustainably grown cotton in 100 % of all Tchibo cotton textiles by 2020. They meet the requirements of Cotton made in Africa, the Organic Content Standard or the GOTS Standard. We have been pursuing a new path since 2016 with the Tchibo Eco Logic Appachi collection, whereby we promote the training and further education of Indian cotton farmers beyond eco-friendly cultivation.



Viscose: Tchibo also takes care to use fibres from more sustainable sources in the field of cellulose-based fibres such as viscose and lyocell. The share of sustainably produced cellulose fibres was also 80 % in 2016. Tchibo obtains 60 % of its viscose from the company Lenzing, which obtains the wood pulp for fibre production exclusively from responsibly managed sources.



Wood: The wood and pulp used as raw materials for Tchibo products come from responsibly managed forests. In 2016, the share of sustainable wood products in our range was around 63 %, and around 40 % of the products were Forest Stewardship Council (FSC®)-certified. In 2016, 100 % of our garden furniture was made from FSC®-certified materials. 100 % of the boxes we use to ship orders to our customers are made of FSC®-certified material.



Animal materials and fibres: More than nine years ago, Tchibo decided to completely ban real-fur products from its assortment. In 2014, this was followed by products containing angora. In 2015, Tchibo began offering exclusively chrome-free tanned leather products, but has suffered a considerable disadvantage against chrome-tanned articles from the competition.

Reusable cups: In 2017, we took another important step in resource conservation and the prevention of waste by offering reusable cups in our Tchibo coffee bars. Customer can buy them on-site or bring their own reusable cups to purchase refills.

Cafissimo: We also developed our Cafissimo capsules for more eco-friendliness in 2016 by reducing the aluminium content in the packaging and designing the capsules to be 100 % recyclable.

No more free plastic bags: In 2016, we introduced a charge for disposable bags, which reduced the number given out in Tchibo shops by almost 90 %.

Resource conservation through recycling: Closed Loop.



In designing a sustainable product range, the responsible use of resources is an integral part of our activities, because the global extraction of raw materials and high volume of waste contribute to global environmental challenges, such as climate change and loss of biodiversity. Our comprehensive 'closed-loop' concept pursues the objective of conserving valuable resources while also increasing the sustainability of consumption. For us this means that even at the product design stage, we conceive our products in such a way that they are produced with recycled or renewable resources if possible, can be used for a long time, and at the end of their use can be recycled into useful goods or materials. We confirmed this aspiration by signing the Detox Commitment in 2014, that also includes the end of life consumption. In 2016, we analysed product groups in detail for their closed-loop potential and derived closed-loop approaches from this. We follow the following three approaches for our product groups: use recycled

and renewable materials, ensure longevity, reuse, and recycle. Tchibo has already carried out pilot projects with closed-loop approaches for selected products.

Tchibo offered a compostable T-Shirt in 2016, and in 2017 produced a dishwashing brush made almost entirely of recycled, relatively eco-friendly polypropylene (PP), the plastic used for our Cafissimo capsules. We further developed the capsules in such a way that they are 100 % recyclable, because recycling plants recognise the used plastic as polypropylene, which allows them to further process the plastic material. We transfer successfully tested methods to other products, so as to gradually introduce closed-loop products into our product ranges. This is how we create material cycles wherever possible.

To ensure that the products can be used for as long as possible, we formulate high quality standards and grant warranty periods that go beyond statutory requirements. At the same time, we offer support for care and repair of our products, and provide spare parts, thereby increasing the longevity of products. To ensure the best possible recyclability of the products at the end of their useful life, we are working to design our products in such a way that most of their components are recyclable. This includes taking account of the insights gained regarding collection and recycling systems, and to enable a consumer-friendly return system for our products. With this in mind, we support the recycling of our textiles, and in 2017 entered into a cooperation with FairWertung that offers our customers a consumer-friendly way to return their old clothes. In FairWertung, we have found a reliable partner who ensures that donated clothes are handled responsibly.

Consumer-oriented communications: GUT GEMACHT – DONE IN A GOOD WAY

By offering more and more sustainable products, we also build consumer awareness for responsible consumption. Easily understood communications are helpful here, because our customers' purchasing decisions measures affect the pace at which we can implement sustainability programmes on our path to becoming a 100 % sustainable business. To support them in selecting products systematically, we must clearly label sustainable product ranges, prepare information in a consumer-oriented way, and make it easily available. We continually expand our sustainability communications and standardise our product labelling, e.g. with our 'GUT GEMACHT' (DONE IN A GOOD WAY) logo as a communications bracket for all the sustainability standards we apply.



On the one hand, we communicate at the points of sale and on the packaging, and on the other hand, we use a wide range of communication channels such as the Tchibo magazine, our own website, the corporate blog, and social media platforms. On tchibo.de we have set up a separate section for sustainability that presents all the key information about our activities in a concise, consumer-friendly way. We also use our own YouTube channel to explain various aspects of sustainability, especially the meaning of the seals used for coffee, wood and cotton. To ensure that our employees are always informed about sustainability at Tchibo, we train them extensively and always keep them up to date.

Because we want our customers to be able to spot sustainable products at a glance, in 2015 we introduced the Tchibo sustainability ribbon to show the sustainability and the standard used, on the product itself and in product communications. The ribbon offers a high recognition value and can be flexibly used for all sustainability standards. For products containing organic cotton, for example, a ribbon with the words 'organic cotton' is prominently placed next to the Organic Content Standards (OCS) seal.

We are also bundling our after-sales sustainability communications under the heading 'GUT GEMACHT – WEITER GEDACHT' (DONE IN A GOOD WAY – ONE STEP FURTHER). Our customers will find plenty of information and ideas on tchibo.de, in the Tchibo Community, and in our blog, about topics ranging from maintenance & repair to upcycling & refashioning, to useful return and recycling options.

Commitment to the Alliance for Consumer Education

To promote early awareness of sustainable consumption among children and teens in Germany, at the beginning of 2013, Tchibo joined the 'Alliance for Consumer Education' founded by the Federation of German Consumer Organisations. In this Alliance, representatives from the public and private sectors, educational authorities, science and academe, NGOs, business associations, ministries, and individuals work to strengthen the decision-making and consumer skills of young people without advertising individual brands. The Alliance currently supports exemplary consumer education projects at schools.



Environmental protection at the sites and during transport

► Strategy & Management

For the preservation of an intact natural world: Increase climate protection, reduce resource consumption

An intact natural world is an essential prerequisite for the future viability of our business: coffee, cotton, wood and other natural raw materials form the basis of our product ranges. So it is very important to us that climate change be limited and natural resources be conserved. Accordingly, we are expanding our climate protection measures at our sites, in our supply chain management, and in employee mobility. We are working to minimise our use of resources, increase recycling, and offset unavoidable CO₂ emissions. ✓

As a trading company that requires raw materials for the production of its products, we contribute to the consumption of resources. We also cause CO₂ emissions when we transport, store and deliver our products, as well as at our administrative offices and Tchibo Shops. At the same time, our company is directly affected by the repercussions of climate change and impending resource scarcity. Raw materials such as wood, coffee, cotton and other natural resources are important foundations of our product lines and therefore of our business. Climate protection and resource conservation significantly help in enabling us to offer our customers high-quality products into the future. That is why we are continually working to minimise our CO₂ emissions and use of natural resources. Based on our extensive insights and many years of experience, we focus on activities that are related to our product ranges, and on action areas that we can directly influence – our sites, mobility and resource efficiency. ✓

Legal and social requirements are on the rise

Increasing regulation, legislation and voluntary initiatives are aimed at boosting climate and resource protection – at national level as well as throughout the EU and around the world. One of the major regulations that impact Tchibo as well is the German Electrical and Electronic Equipment Act, which has been in force since 2015. It stipulates that retailers must take back old devices. A new German Packaging Act is also in planning, and is due to enter into force in 2019 with the aim of conserving resources and increasing recycling rates. Besides legal directives, policymakers are also formulating targets like the international climate protection targets, and other requirements. One particularly relevant one for our business is the Extended Product Responsibility approach as specified in the German Waste Management and Product Recycling Act: it stipulates that manufacturers continue to be responsible for their products even when they are scrapped. This refers first and foremost to take-back and recycling rules, but also requirements for developing more durable products, and using secondary raw materials during production.

One major voluntary initiative is the European Union's call to its member states to reduce the per-capita consumption of plastic bags. Campaigns and initiatives mounted by civil society also serve to boost public awareness of environmental issues. Apart from plastic bags, textiles, coffee capsules, and disposable takeaway coffee cups are among the products or packaging where the proportionality of resource consumption is being questioned. And so, for example, reusable cup systems across multiple vendors are now available in an increasing number of cities.

Meeting challenges systematically

We are tackling these and other legal and social requirements and are proactively working on solutions to make a significant contribution to more climate and resource protection. Particular challenges lie in establishing mechanisms and structures for increased environmental and climate protection across all the relevant phases of a product's lifecycle: from the production and selection of raw materials to the design and manufacturing processes, to the packaging and recycling of waste.

In order to find the best solutions, especially for industry-wide and global issues such as countering climate change, we participate in the social discourse of business, politics and civil society on a sustainable further development of the economy, primarily through organisations such as the German Trade Association (HDE).

Effective protection of our climate and resources

We systematically reduce CO₂ emissions to counter climate change. To do this, we design our processes to be as energy-efficient and low-emission as possible. We start with the causes and focus our engagement on action areas where we have the most influence and can make the biggest difference: in the transport and shipping of our products, at our production plants. Roadmap 2020 is the guideline for our actions; in it, we have further increased our climate-protection targets for 2015. To identify and realise additional savings potential, we included even more sites and processes in the calculation of our 2016 carbon footprint.

Packaging accounts for a large share of our resource requirements. In our quest to continually reduce our consumption of raw materials, we are resolutely implementing our packaging policy, which we updated in 2015. We further tightened our already ambitious environmental requirements, and formulated clear guidelines to avoid, reduce, reuse, improve and offset packaging – in that order of priority. When introducing new packaging or optimising existing packaging, we always base our decision-making on this system in order to find an environmentally friendly solution – for product packaging, as well as packaging for transport and shipping. We are also continuously increasing the use of recycled and FSC®-certified paper. Under our 'Closed Loop Strategy' we work on designing products as well as material cycles, from the start, so that the valuable materials they contain can be upcycled or at least recycled at the end of their use.

Increasing our potential influence through cooperation

However, as an individual company, we do come up against the limits of our influence. Systemic and structural challenges can only be effectively countered by teaming up with other protagonists. For this reason, we are involved in associations and organisations committed to multicompany solutions for protecting the environment, such as the Clean Cargo Working Group. With a view to the planned packaging legislation, we are actively involved in an expert group to develop an incentive system for eco-friendlier packaging. To support the Paris Climate Agreement, we joined ten other German trading companies in signing a declaration on savings programmes and measures in December 2015. It stipulates the promotion of e-cars and green buildings, as well as the use of efficient lighting and air-conditioning technology.

A binding basis: environmental protection is anchored in all processes

We continually develop our activities based on a strong foundation: protecting the environment and the climate is an integral part of our business strategy and firmly anchored in the Tchibo DNA. “We take responsibility for the ecological and social impact of our actions” - this principle guides our work across all business processes. The Tchibo Code of Conduct additionally defines binding rules of eco-conscious conduct for all our staff. At our administrative and warehouse sites, we use an environmental management system that is based on the ISO 14001 standard and logs our significant consumption volumes. This serves as a basis for reducing our use of energy, water, gas and paper consumption, as well as minimising waste and CO₂ emissions from our fleet of vehicles and business travel. The energy management at our production sites in Germany is ISO 50001 certified. We also apply other, voluntary guidelines above and beyond this: ISO 14040ff for lifecycle assessment, ISO 14020ff for environment-related communications, and ISO 16258 for accounting for transport-related emissions, as well as our own Packaging Directive, which contains information on general procedures, KPIs, instruments, and guiding principles.

Environmental officers handle the integration of environmental aspects into business operations in the various divisions and departments. Environmental targets are agreed with them annually. The Corporate Responsibility department coordinates cross-departmental and cross-divisional activities. It ensures that the environmental measures initiated in the departments and units are coordinated with the strategic objectives as well as with each other – by monitoring and analysing societal trends, current events, and legislative initiatives. The idea is to address new developments as early as possible and to help shape these developments.

Guiderail for sustainable logistics: Roadmap 2020

In making sure that our logistics processes are sustainable, we are guided by our Roadmap 2020. Adopted in 2015, it builds on the goals already achieved and resolutely continues the path to a 100 % sustainable business. In the Roadmap, we have set clear targets for climate protection, which we are continuously working to achieve: the further reduction of our CO₂ emissions in transport, at the roasting plants, the warehouses, the administrative offices, and the Tchibo shops.

A framework for resource efficiency: the Packaging Directive

Our Packaging Directive, which has been in force since 2015, follows the maxim: avoid, reduce, reuse, improve, and offset. In other words: we avoid disposable cups, disposable shopping bags, and paper waste. We reduce overall weight of waste, as well as the use of paper and cardboard, and source the remaining requirements from certified responsible forestry and recycled materials. We develop solutions to ensure that our packaging can be recycled or reused.

Leveraging synergies: voluntary commitments

By joining voluntary commitments, we create a clear framework for eco-friendly action in the company while also expanding our commitment. In Hamburg and Berlin, we work with an energy management system that is in accordance with Tchibo Manufacturing GmbH & Co. KG's DIN EN ISO 50001:2011, in order to increase energy efficiency and reduce its consumption. We have joined the voluntary commitments of business associations in Germany and Austria to no longer give free plastic bags to customers at our Tchibo shop, in order to reduce the number of disposable bags given out. As a member of the Biodiversity in Good Company initiative, we work with other companies in the industry to find solutions for preserving global biodiversity. As part of this, we have committed to analysing the impact of our business on biodiversity, and to include the protection of biodiversity as well as sustainable use of raw materials in our environmental management system.

Keeping an eye on the progress made: ongoing monitoring

Depending on the measure, we develop suitable KPIs which are regularly checked as part of our monitoring – e.g. for electricity consumption at our roasting plants, or for reducing relative packaging volumes. In addition, selected environmental indicators are verified by an auditing company as part of the report audit. KPIs per assortment are also verified in annual audits. Based on the results of the latest evaluations, we keep developing Roadmap 2020, survey consumption and emissions at additional sites with a view to reducing them, and use improved computational logic in calculating the carbon footprint, so as to achieve even more accurate results.

► Climate protection

Climate protection: reducing CO₂ emissions

We are committed to curbing climate change, and constantly check and optimise our processes. Tchibo's ambitious Roadmap 2020 for countering climate change forms the common thread, the corrective on the path to 100 % sustainable business conduct – at all our sites as well as in the mobility of our employees. We focus on reducing emissions and packaging, improving the sustainability of energy consumption, and eco-friendly mobility solutions.

► Sites

Logistics: reducing energy and emissions

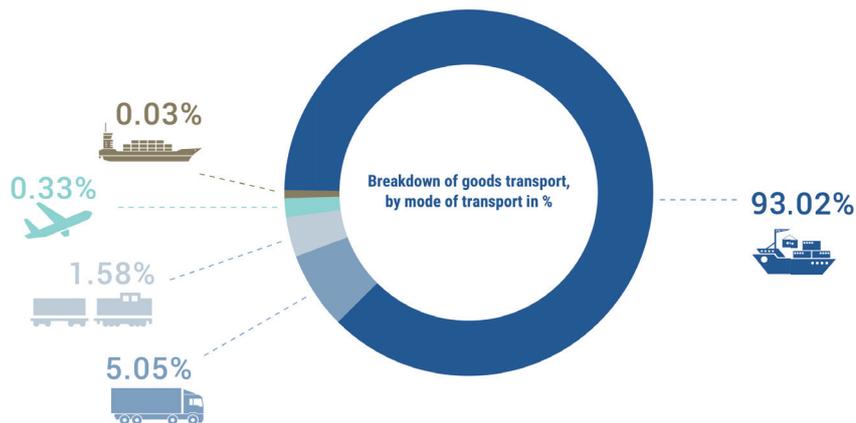
From roasting our coffee to the lighting at our distribution centres, from the packaging of Tchibo products to their delivery to the customer – energy is indispensable in our business. But in our efforts to curb climate change, we do identify and reduce all unnecessary energy consumption – systematically and at all sites.

Identifying and implementing reduction potential

We have been recording, accounting for, and analysing all our transport-related carbon emissions since 2006 as part of our LOTOS (Logistics towards Sustainability) climate protection programme, which we developed in cooperation with the Technical University of Hamburg-Harburg and the German Federal Environment Ministry (BMUB). The aim of the program is to continuously improve the carbon accounting methodology, and to identify further potential for reduction. In 2013, we won the German Logistics Association (BVL) Sustainability Award for Logistics for our efforts, and its Austrian counterpart. We were also able to further improve our calculation method in the process: in 2013 and 2014, we first calculated our impact in accordance with the new CEN (Comité Européen de Normalisation) DIN EN 16258 standard, and had the results audited by external experts. As a member of the Clean Cargo Working Group, we also and additionally obtain more and more accurate data – and hence important – for the various seagoing vessel routes that we use.



Following the successful implementation of the LOTOS program to counter climate change in 2006, the Roadmap 2020 adopted at the end of 2015 builds on the goals already achieved, increases our aspirations, and has been formative on the path to a 100 % sustainable business ever since. Given the clearly defined goal of a more eco-friendly setup of the entire logistics process by 2020, the Roadmap provides for a 40 % reduction of transport-related CO₂ emissions relative to 2006. The LOTOS target of a 30 % reduction in CO₂ emissions in absolute terms was already achieved in 2012. By 2020, we plan to reduce emissions at the Gallin and Neumarkt warehousing sites by 15 % relative to 2014, and cardboard and paper consumption in B2B and B2C deliveries by 30 % per selling unit, also relative to 2014. In 2015, transport-related CO₂ emissions had already decreased by over 50 % in absolute terms since 2006.



Improved calculation: extending the survey radius

For 2016, we made a slight change to the calculation of CO₂ emissions in logistics. We included other types of transport so as to identify and implement additional potential reductions. For example, we included CO₂ emissions from B2B and B2C returns in our transport figures. As a result, the balance showed a slight increase compared to 2015 with 14.5 g CO₂ e per tons of kilometres. Apart from the first-time inclusion of additional transports, this increase is mainly due to the fact that high-emission airfreight and road traffic transport has increased, while low-emission maritime shipping has decreased. This change was caused by temporary process adjustments in procurement logistics. However, the relative increase was moderate overall, as the improved calculation logic has a positive impact.

Using low-emission modes of transport

In modes of transportation, we rely on CO₂-efficient shipping: 95 % of our goods are transported by sea or waterway. From Bremerhaven, we use barges instead of trucks for the further transport of Non Food consumer goods incoming from overseas. We are also striving to increase the use of rail; among other things to expand our transport of goods via the Asia-Europe freight train. Optimised loading and utilisation of containers and trucks, and intelligent route management, are other measures we use to reduce CO₂ emissions. Inspection Centres check the packaging and loading of containers accordingly. On a ton per kilometre basis, transport-related CO₂ emissions have fallen by around 30 % since 2006.

The new Non Food business model counteracts the use of low-emission modes of transport, with delayed purchasing leading to more airfreight transport. We are aware of this problem and are already working to reduce the share of airfreight through timely purchasing.

By having a service provider handle the supply of all Tchibo shops, we reduce kilometres and CO₂ emissions. We also avoid unnecessary interim storage warehouses and transport, and rely on direct delivery routes between roasting plants and distribution centres. In distribution, we systematically manage the volumes of goods for the points of sale, e.g. through an innovative assembly-line system, thus ensuring greater efficiency with fewer emissions. However, this is currently being counteracted by additional transports due to the change in the Non Food model.

To meet further climate protection targets in transport, we are also testing new transport modes and routes, such as rail transport from China to Bremen, or the transport by long trucks between the Bremen and Gallin distribution centres. It has not yet been possible to establish a suitable rail link on this route.

Roasting plants: efficient roasting

Coffee is the origin of our business. However, roasting coffee consumes a great deal of energy. That is why we want to increase the energy efficiency at our roasting plants, so as to reduce CO₂. As early as 2013, we introduced DIN ISO 50001 energy management at our two roasting plants in Hamburg and Berlin, which has reduced specific energy consumption by at least 1.5 % per year. In 2016, the energy management system was successfully recertified in accordance with ISO 50001, and the roasting plants achieved year-on-year energy savings of 1.7 % in relation to the volume of roasted coffee produced. Our Climate Protection Roadmap 2020 stipulates another 1.5 % potential reduction in specific CO₂ emissions per ton of roasted coffee by reducing energy consumption and optimising process flows.



After analysing and evaluating the 2014 results in order to further optimise the processes, we converted the burners at the Berlin coffee roasting plant in 2015, which saved heating gas in 2016. We also commissioned an energy monitoring system at the Berlin plant. At the plant in Hamburg, we installed a new drum roaster at the end of 2016, which – unlike conventional roasters – requires the use of only one burner instead of two. This measure will have a positive impact on our energy efficiency in 2017.

Administrative offices, warehouses and Tchibo shops: electricity from renewable energy



Energy efficiency is a priority for us and we strive for eco- and climate-conscious conduct in every respect. For example, for years our sites in Germany have been supplied with ok-power-certified electricity from renewable energy sources. This includes our two roasting plants in Hamburg and Berlin, the distribution centres in Gallin and Neumarkt, the company's headquarters in Hamburg, and all Tchibo shops in Germany for which we buy the electricity ourselves. Since January 2016, we have sourced this electricity from Entega.

The target set in our Climate Protection Roadmap, of a 15 % reduction in CO₂ emissions per square metre at the Gallin and Neumarkt distribution centres by 2020 (relative to 2015) was narrowly missed. In 2016 the reduction was 13 %. The energy-saving measures at both sites were, however, audited in 2015 to identify potential savings and develop appropriate measures.



The subsequent conversion to LED lighting at Neumarkt led to a CO₂ reduction of 33 % in 2016. The distribution centre in Gallin was also converted to this technology in 2016; energy efficiency tests are still ongoing. The implementation of an energy management system is also planned for both sites.

An innovative assembly-line system at the main warehouse in Bremen now saves 400 MWh of electricity per year compared to the predecessor system. The switch to LED lighting as part of our Smart Lighting concept also results saves 100 MWh per year.

► Employee Mobility

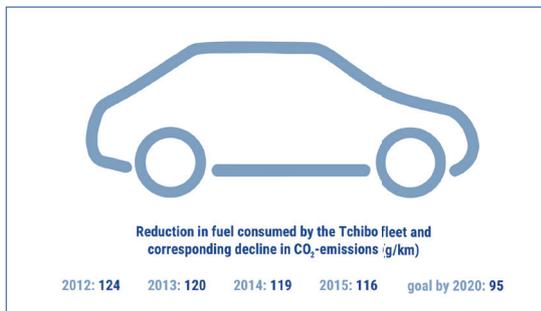
Mobility: giving climate protection the right of way



Since 2013, we have pursued a long-term, company-wide fleet management strategy that continuously minimises CO₂ emissions. Clearly defined CO₂ emission limits apply for any vehicles to be newly purchased, for Germany as well as all our international business units. Thus, we give priority to the most energy- and resource-conserving models of vehicles with internal combustion engines, and increasingly to hybrid and electric vehicles. We also offer our executives incentives to use the eco-friendliest models in our fleet. Thanks to these measures, we are able to reduce the average CO₂ emissions of

our company fleet year after year, from 120 g CO₂/km in 2013 to 113 g CO₂/km in 2016. In our Climate Protection Roadmap, we have set the goal of reducing the average CO₂ emissions of our company fleet to 95 g CO₂/km by 2020; this corresponds to the EU limits for manufacturers' fleets.

To reach this target quicker, we further evolved our fleet management strategy in 2015. Employees at our headquarters now have access to five electric cars in the fleet, and the warehouses and roasting plants also use electric vehicles. At our main administrative offices in Hamburg, three 'green electricity' charging stations were installed for electric and hybrid vehicles. We adjusted the incentive system for employees to encourage use of alternative drive systems. For instance, models have been graded according to their calculated emissions since then. Electricity-related emissions are 100 % included in the total emissions, and vehicles with values below 100 g CO₂/km receive the highest subsidy. For employees with three or more children, we also offer bigger, family-friendly vehicles, for which slightly higher CO₂ limits apply.



As in the transport sector, we also give preference to eco-friendly alternatives in employee mobility – e.g. by covering half the cost of a discounted commuter card (the Profi-Card) for Hamburger Hochbahn. We also pay for the full cost of a BahnCard (ticket for all-inclusive unlimited rail travel across Germany) for employees who frequently travel on business within Germany. In 2016, we increased the attractiveness of travelling by train with an auction for free first-class travel and encouraged people to cycle to work more by installing a mobile bike workshop at our

administrative premises. If they really need to use a car, employees have the opportunity to switch to car-sharing offers: in 2016 we organised special events with the car2go and DriveNow providers, where Tchibo employees could register as members free of charge.

In 2016, our systematic, sustainability-oriented fleet strategy was awarded the German Environmental Aid (DUH) "Green Card for credible environmental awareness" for the fifth consecutive year.



► Resource Efficiency

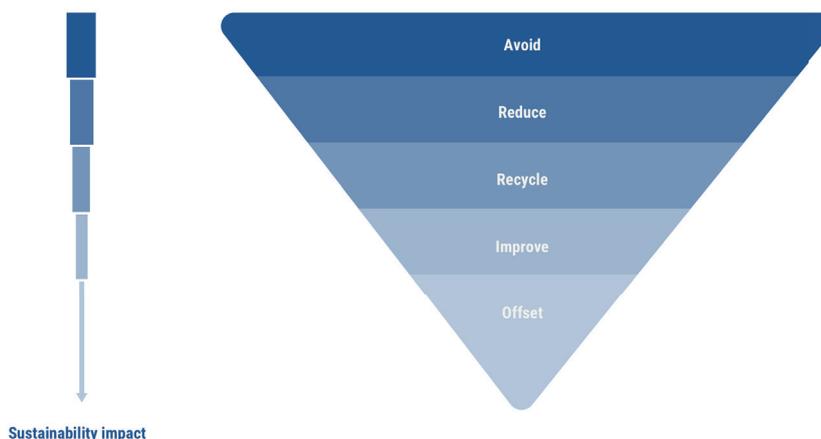
Resource efficiency: responsible packaging

A responsible treatment of natural resources is an objective that shapes our actions and encourages us to ensure that not only our products, but also their packaging, transport and any assistive devices, as well as cardboard packaging meet sustainability criteria. To this end, we conducted a comprehensive analysis of our packaging in 2015, and identified any need for optimisation. We used seven analysis criteria for evaluating the packaging we use – function, materiality, volume, risk potential, customer relevance, feasibility, and cost implications. We investigated these, and used funnel analysis to determine the possibilities for optimising the different types of packaging, and which ones were best according to our requirements. All these results were then considered in drawing up our 2015 Packaging Directive. We tightened the guidelines especially for our Non Food packaging – with the clear objective of optimally combining environmental and functional requirements without compromising quality.

So the idea is to harmonise functional aspects, e.g. protecting the product and providing information to consumers, with environmental objectives, such as waste-avoiding, resource-saving, environment-friendly design, fair and sustainable manufacturing, and recyclability of materials. Accordingly, we now develop new packaging and adapt existing ones based on six guidelines:

1. Use as little packaging material as possible, and as much as necessary
2. Reusable before disposable
3. Recycled materials before virgin fibre
4. Certified before non-certified materials
5. Mono-materials before composites
6. Create value-add through innovative design of the packaging
 - a) Reusability
 - b) use in a different context (innovative use and design of packaging)

Our guiding principles for resource conservation



► Avoid

Avoidance: less is more

As little packaging material as possible; as much as necessary. This guiding principle has defined the design and type of all packaging at Tchibo since 2015. The goal is to minimise the use of paper, as well as disposable packaging in the form of takeaway coffee cups and shopping bags.

Paper: digital instead of print

As part of Roadmap 2020, we are successively shifting to digital documents in our delivery documentation, for both B2B and B2C customers. For deliveries to our business partners and Tchibo shops, we have done without paper delivery documents since 2015, and even our private distance-selling customers only receive a printed invoice if they expressly request one. If the shipping address differs from the billing address, customers also receive the invoice by email instead of by post. We also primarily provide user manuals online, as long as they contain exclusively non-legal information.

Reusable cups: nice to see you again!



“Reusable before disposable” is the guideline in our Tchibo coffee bars. We mainly serve beverages in reusable porcelain tableware, and only provide coffee in disposable takeaway cups if customers specifically ask for them. We would like to further reduce the share of disposable cups and since August 2015, customers have been able to get refills in their own reusable cups, taking safe hygiene standards into account, of course.

In 2016, we took further steps to reduce the plastic and paper waste generated by disposable cups. We proactively address our customers by selling attractively priced reusable cups in various designs and materials; this also allows people who have forgotten their own cup to enjoy their coffee in an environmentally friendly way. The dishwasher-proof cups made of recyclable materials can be cleaned at home and brought back for buying

refills. We reward this contribution to conserving resources with a 10-cent discount on the beverage.

To establish a systematic use of reusable cups, we are participating in the Kehr wieder-Becher initiative to examine the introduction of a deposit system for reusable cups in Hamburg city centre. Such a system would be more convenient for customers, as they would not have to bring their own cup.

Disposable shopping bags: better to avoid than sell

In 2015, business associations in Germany and Austria signed voluntary agreements to no longer offer plastic bags free of charge. We joined this initiative, and stopped giving out free plastic bags in Germany as of January 2016. With success: 87 % fewer have been given out as a result. As an alternative, we offer reusable bags for sale, or disposable bags for 20 cents. Some of the proceeds from the sale of plastic bags go to support the Mülldetektive (Waste Detectives) project by the Save Our Future (S.O.F.) environmental foundation.

► Reduce

Reducing to the essentials

How to optimise a product's packaging while minimising the use of resources? We always ask this question as we examine our existing packages and develop new ones, in our quest to continually reduce packaging materials by identifying and omitting unnecessary elements or materials.

Cardboard packaging: reducing materials

Our Climate Protection Roadmap 2020 also determines how we deal with cardboard in logistics. It stipulates a 30 % reduction in paper and cardboard consumption for B2B and B2C deliveries, per sales unit, by 2020. Accordingly, we are cutting down on printed delivery documents and shifting to digital wherever possible. This is already being done in B2B delivery to Tchibo shops and in B2C delivery, unless customers specifically ask for printed documents.

In 2015, a student thesis on the optimal filling of Tchibo online order boxes resulted in a materials saving potential of up to 15 %. Since then, we have continually adapted the cardboard packaging to the results of the study, and are developing new box sizes on this basis.

One important innovation in this area is optimising the fill level for box sizes in the B2C sector, which we are currently investigating. This would make it possible to automatically adapt boxes to the product to be packaged so that superfluous materials can be avoided. Optimising box sizes for delivery saves both resources and CO₂ emissions.

In logistics, we are also planning to reduce the number of paper copies from four to three for the Eastern European Tchibo shops, and for administrative documents in Germany, Austria, Switzerland and the Czech Republic.

In our Non Food products, we were able to save packaging material through open packaging that only partially encloses the products.

► Reuse/Recycle

Recycling – reuse rather than disposal

For us, acting as an environmentally responsible and resource-conserving company means reusing materials whenever possible – either for the same purpose or for a whole new area of use. Our guiding principle is: "Add value to the packaging through innovative design."

Coffee capsule recycling: from capsules to dishwashing brush

Coffee packaging has to preserve the flavour and therefore must meet exacting requirements. There is less leeway for developing new, eco-friendlier packaging than with many other foods. Coffee-capsule systems in particular are always being criticised for the waste they generate.



In early 2015, we teamed up with the Öko-Institut e.V. for a comprehensive accounting and analysis to determine the environmental footprint of the Cafissimo coffee capsule system. We managed to gradually improve the capsules used for our Cafissimo coffee capsule system by reducing the aluminium content in the packaging and switching to recyclable foil and interior paints in accordance with the dual systems in such a way that all capsules are now recyclable. Customers can now dispose of used capsules in the “yellow bags” commonly used for disposing of packaging materials, and recycling companies can recycle them. At the beginning of 2017, we added household products such as a dishwashing brush made of recycled plastic, the material Cafissimo capsules are also made of, to our product range. The recycling of

materials and the re-use ‘massbalance’ are clearly visible and traceable for the customer on the packaging. By showing the connection with the capsules’ recyclability, we seek to increase our customers’ awareness of closed-loop approaches.

Textiles recycling: the FairWertung network

Under the heading ‘GUT GEMACHT weiter gedacht’ (DONE IN A GOOD WAY – taking ‘good’ one step further), we advocate sustainable consumption, and give customers tips on care, repair or upcycling of our products. We point to recycling possibilities where shoe or clothes disposal is unavoidable. For the sustainable delivery and reuse of textiles, we have therefore cooperated with FairWertung e.V, a federation of non-profit organizations for the collection of clothing based on ecological and social criteria, since 2017. We recommend that our customers collect and deliver old clothing only to organizations that collect according to FairWertung standards: The sorted items of clothing are given to second-hand clothes stores at fair prices. Surpluses are sold to textile sorting companies, where they are sorted for international second-hand markets. Textiles that are no longer fit for this purpose are recycled into cleaning rags or raw materials. FairWertung organisations are nonprofit and support social projects with their sales proceeds.

► Improve

Improvement – for greater environmental compatibility

We are striving to resolutely reduce paper and cardboard while simultaneously increasing the share of recycled, environmentally compatible grades – in line with our guiding principle of “Certified before non-certified materials”.

On the rise: recycled materials and FSC®-certified materials

We are continuously saving paper and cardboard and increasing the proportion of recycled and FSC®-certified paper it contains. Since 2013, we have exclusively used FSC®-certified cardboard boxes – both for the delivery of products ordered online and for logistics packaging. The packaging in our supply chain is either recycled or FSC®-certified, and the packages in which orders are shipped to end customers consist of 100 % FSC®-certified cardboard. We are using more and more FSC®-certified materials in the packaging of our consumer goods. All plastic elements used in packaging are marked as such and should be disposed of through household recycling.



Das Zeichen für verantwortungsvolle Waldbirtschaft

We are also reducing the use of paper in our office and customer communications, and focusing on environmental compatibility. For instance, we use paper that is Blue Angel (recycled paper) or FSC®-certified or has been awarded the EU Ecolabel. Since 2012 we have printed our magazines and catalogues in Germany, Austria and Switzerland exclusively on FSC®-certified paper. The international business units in the Czech Republic and Slovakia followed in 2013, and Turkey, Poland and Hungary in 2014.

In 2016 we expanded our goal of converting 30 % of consumer goods packaging to FSC®-certified cardboard, and now striving to increase the share of sustainable sales packaging by 30 % overall.

► Carbon Offsetting

Offsetting – climate protection to your doorstep

One key goal in our Logistics and Packaging Directive is to reduce CO₂ emissions. However, since emissions cannot be completely avoided when delivering products to our customers, we offset them – for the benefit of global climate.

Offsetting CO₂ emissions: climate protection projects

In our quest to fulfil customer wishes promptly and in an eco-friendly way, we have been sending all our letters and parcels to customers exclusively using Deutsche Post DHL's 'GoGreen' programme since 2012. We thereby support the funding of globally accredited, 'Gold Standard'-certified climate protection projects in developing and emerging countries, and offset the carbon dioxide emissions generated by shipping.





Employees at Tchibo

► Strategy & Management

Securing the company's success with dedicated staff

Since the family-owned business was founded in 1949, people have been at the heart of Tchibo. Tchibo founder Max Herz firmly believed that motivated, well-qualified employees are the company's most important asset. This conviction still forms the foundation of a corporate culture whose hallmarks are openness and dialogue. We have codified values such as trust, reliability, and open, honest interaction in the Tchibo DNA.

We don't just want to satisfy our customers – we want to inspire them. To achieve this, we need the expertise, passion and commitment of our employees. Each individual contributes to our company's success. That is why our key concern is to recruit the best, retain them long-term, and keep rekindling their passion and performance. As a responsible employer, we offer our employees a varied working environment and attractive development opportunities, and help them achieve a good work-life balance. In line with our appreciative and open corporate culture, we promote personal dialogue – across hierarchical levels – and create a wide range of opportunities for our employees to help shape the business.

Recruiting and retaining dedicated employees

We live in a dynamic, rapidly changing society, and as a globally interconnected trading company must constantly develop, anticipate changes, and respond quickly. The demands on our employees are accordingly high. We challenge them and encourage them to keep rethinking things, try out new approaches, take the initiative, and shoulder responsibility. Only if we work together can we ensure our success and deliver on our aspiration/promise/claim of inspiring our customers anew each day.

In view of demographic change and the shortage of skilled workers, one of Tchibo's key concerns is to attract new and skilled employees to Tchibo. At the same time, we want to keep strengthening the skills of our experienced employees and retain them at our company. Our in-house education and training measures are an important success factor.

► Corporate culture & values

Corporate culture: Appreciation and open, honest interaction



We foster a corporate culture in which we promote dialogue and create opportunities for participation. An open and honest treatment of each other is just as important to us as interpersonal relationships that are characterised by clear rules of conduct and guided by high values. This company culture is an essential precondition for maintaining and further developing Tchibo as a strong brand. It is firmly anchored as a binding success factor in the Tchibo DNA, published in 2011. The DNA is complemented by the Tchibo Code of Conduct which defines our company's key values and specifies guidelines for the workaday routine. They include promoting diversity and providing equal opportunities for all employees. Each employee contributes to the company's success with their individuality. We do not tolerate discrimination based on age, sex, background, sexual orientation, religious belief, physical constitution or other personal characteristics. We regularly give all employees training regarding the Tchibo Code of Conduct. These measures are of course carried out in accordance with the German General Equal Treatment Act (AGG).

Exchange between equals

We foster an exchange of views across all divisions and hierarchical levels and involve employees in the company's development wherever possible. This builds confidence and motivation. To do so, we use modern communication tools and organise events that promote personal exchange. At our Hamburg roasting plant, and the logistics centres in Gallin and Neumarkt, where employees have only limited access to the Hamburg headquarters intranet, we promote dialogue in workshops and at regular roundtable discussions. In addition, we keep Tchibo Neumarkt employees informed with a weekly newsletter. Since 2013, we have regularly invited all employees to the Hamburg head office for the 'Tchibo in dialogue' event series. Town Hall meetings provide all employees with insights into the latest developments in their own as well as departments. Cross-departmental knowledge transfer is also encouraged through the 'Abgeschaut bei' (roughly: How others do it) section on the Tchibo intranet. As a result, we want to strengthen the culture of 'learning from one another' and better use both positive as well as negative experiences for the company. At the Hamburg headquarters, we were also able to promote the exchange of employees amongst each other in 2017 by means of the spatial reconfiguration as part of 'ONE Tchibo Culture' initiated by our CEO Thomas Linemayer. To keep employees informed about news/new developments and the company's performance as well as all relevant topics, a new format was developed at the beginning of 2017: the CEO Letter. It is published monthly on the Tchibo intranet, to ensure that every employee is well informed, regardless of where they work. We also set up a 'Speed Meeting Zone', a 'Brand Zone' and a 'Creative Zone', and equipped the corridors with whiteboards.



Sought-after and supported: Creativity and inventiveness

We value and encourage our employees' ingenuity and inventiveness. In 2016, we replaced our successful 'Kolibri' ideas management system with the modernised online platform GOOD IDEA! In the spirit of crowdsourcing, we use this community-based ideas management system both to evaluate existing measures and to run ideas campaigns on specific topics. We offer rewards for the best Tchibo ideas.



Firmly established: Co-determination at work

We want employees who get actively involved and help to shape the company. The laws mandating co-determination on the works council and Supervisory Board gives employees the opportunity to influence business decisions. In accordance with the provisions of the Works Constitution Act (BetrVG), the works council consists of 35 members and five members on the youth and trainee council. The Supervisory Board has an equal number of representatives for employees and shareholders. The two bodies work together closely. At the company meetings, which take place regularly at the Hamburg headquarters and other locations, colleagues are informed about the work of the works council, the development of the business, the results of the employee survey as well as selected topics such as health management, and the Group's offers to help employees achieve a healthy work-life balance. Tchibo employees have the opportunity to submit urgent and important questions to the works council and Tchibo management, which are then answered at the meetings.

► Talent Management

Recruiting talents and keeping them inspired long-term

Well-qualified and dedicated employees play a crucial role in our company's long-term success. We want to retain experienced employees long-term, and get motivated next-generation professionals excited about our company. This requires flexible talent management that meets the current challenges of the labour market, makes career opportunities transparent, and opens up interdisciplinary paths. We succeeded in doing this in 2016 with the implementation of the 'Talent Navigator'. Consolidating our job descriptions into simple, cross-departmental role profiles reveals career paths and development opportunities, and offers better orientation for employees and managers. At the same time, Human Resources employees benefit from an optimised basis for staff development and a fair remuneration system. This transparent talent management tool earned us the HR Excellence Award in the 'Compensation & Benefits [large companies]' category in 2016. The Human Resources Excellence Awards (HREA) honour outstanding achievements in leading-edge human resource management. This year marked the fifth time that Human Resources Manager magazine and Quadriga honoured the most innovative HR management strategies. Tchibo emerged as the winner, and was recognised for the introduction of the Talent Navigator to replace the old HAY system. „We are very pleased with this award. This is a great confirmation of our work, „says Jochen Eckhold, Director Human Resources.

In employer rankings such as companize or Trendence in various sectors (e.g. fashion and retail), we once again did well in 2016, ranking among the top ten as in previous years.

To recruit new talent for our company, our University Marketing team not only talks to potential recruits at job fairs and other hiring events, but also gives them a way to gain first-hand insight into the Tchibo world of work. During the 6th Hamburg Company Tour, we once again invited 70 students into the company for two days. We meet the growing requirements arising from the dynamic market environment with customer-focused, future-oriented solutions, to which junior staff repeatedly make contributions. For this reason, in 2016 we piloted the Young Talent Challenge. It was open to the company's 120 young talents – apprentices, students, trainees, managers and participants of the 'My cross-company career' programme. The 20 applicants chosen then had the opportunity to complete a three-month programme that was integrated into the Tchibo workaday routine.

Promoting the next generation: Finding the specialists and executives of tomorrow



We offer prospective young professionals who wish to begin their careers at Tchibo various ways to enter the company: from internships and apprenticeships to dual-degree and trainee programmes. We start as early as middle school, having participated in the annual Girls' and Boys' Day since 2000. In 2016, we once again welcomed 45 pupils in grades 5–10 at the Hamburg headquarters, where they were able to 'shadow' Tchibo employees at work for a day.

Tchibo is an important company in the vocational training community. We not only offer a wide range of apprenticeships - mainly in commercial and technical professions, but also place a priority on a well-founded professional qualification. In 2016, the Schwerin Chamber of Industry and Commerce singled out our Gallin logistics centre as a 'Top Training Company' for the fifth time.



A whole new approach to winning promising talent for Tchibo was launched in spring 2016 in cooperation with Beiersdorf AG: the joint 'My cross-company career' programme. From more than 700 applicants, the ten best young talents with some work experience in sales and marketing are given the chance to get to know two companies in the retail and Fast Moving Consumer Goods sectors. Over a period of 18 to 24 months, they pass through various departments at the two companies, supported by mentoring, individual coaching, and training. The aim of the programme is to prepare and motivate young employees to take over a project management or other management role in sales and marketing at Tchibo or Beiersdorf.



We also offer development opportunities in the Depots (supermarket concessions) and Sales departments, through a management training programme specifically for recent graduates with a business degree focusing on retail and sales as well as some sales experience. Our goal is to train the participants, who are supported by mentoring, seminars and feedback discussions, to become sales all-rounders within 24 months, and then hiring them for a management role in the sales force or back office

Tchibo CAMPUS: Learning new skills, professional corporate training, personal development

Our working world is undergoing a constant transformation, and the requirements and jobs at our company change along with it. The professional and personal development of our employees and managers is therefore very important to us, and contributes decisively to our competitiveness. Our Tchibo CAMPUS offers many development opportunities: it is our central platform for learning, inspiration and personal development. Here, we offer our employees many ideas and opportunities for personal and professional development – from training in methodology, foreign languages, and computers, to project management and intercultural communications. In 2016, we conducted a Campus survey among executives and employees on "How do you learn best?"

It confirmed that the Campus content and formats corresponded to their wishes. We were able to incorporate further suggestions in putting together the Campus Programme for 2017.

Overall, management development is a focus of our efforts. We have developed modules for a consistent understanding of leadership, for reflecting on one's role, and for learning the tools of management. We also offer our executives individual coaching on team development. We promote our next-generation managers with the six-month 'Learn to Lead' programme, which helps them build up personal networks and expand their skillset.

Our 'Tchibo presents itself' onboarding event, which takes place twice a year, has been relaunched and expanded to include interactive, practical elements. In two days, the participants complete six stations: History, Logistics & Supply Chain, Marketing & Brand, Non Food, Online, and Tchibo Shops & Tchibo Shop Management.



We have opened a new Campus Lab that helps us to think across disciplines, share knowledge, and gain a deeper understanding of customers. We enable our employees to quickly solve acute problems – in this room and with the assistance of a coach – by using contemporary tools of thinking and action.

In 2015, we added a section on the professional management of flexible forms of work to our Leadership Manual, to prepare our executives for the challenges of an increasingly dynamic work environment. In 2016, we expanded it to include a section on 'Healthy Management'; the idea is to avoid work overload situations, as well as under- and over-utilisation of staff, and to ensure a healthy working atmosphere through candidness and honesty. Also in 2016, the 'Safe Management' programme was added to the Management Manual, as Tchibo executives are also responsible for having enough trained evacuation officers and first responders on hand to ensure a safe working environment and the health of their employees.

Cooperation with Beiersdorf AG: Learning together

Learning from others, obtaining new input and perspectives – since 2015, we have opened up these aspects for our employees through a cooperation with Beiersdorf in the form of a joint learning platform that both companies hope will promote development and learning across company boundaries. As part of this programme, Beiersdorf offers all Tchibo employees the opportunity to participate in the free 'Treffpunkt Weiterbildung' vocational training programme, whose topics range from communication and working methods to health and work includes communication, working methodology, health and work, language and computer classes, and much more. Beyond this, in 2016 we participated in the 'Seitenwechsel' (Switching Sides) project, as did Beiersdorf. This allows executives to literally 'switch sides' for a week, by working at a social institution rather than the office, and thus experience new dimensions in personal development as well as dealing with matters of tolerance and conflict.

Performance reviews: Systematic staff development

Giving employees transparent feedback about their performance, pointing out their prospects at the company, and providing systematic support in their professional development – we see all of these as key aspects of staff development. We create a framework for this and offer opportunities for regular dialogue with feedback, target-achievement, and target-setting meetings with the management. Our effective talent management is based on TRACKS, our central process for assessing performance and potential. Along with this digital platform for talent management, Tchibo invested in integrated talent management software for the targeted promotion of our employees (myTrack), and rolled it out to large parts of the company in 2016. myTrack not only steers employees through the process, but also sends reminders for all upcoming tasks, and gives insight into all relevant data at all times.



TRACKS enables us to differentiate performance more clearly and support our talents even more systematically. We actively involve employees in the appraisal process by encouraging them to submit a self-assessment and learn to reflect on their role and achievements in the run-up to the appraisal interview. In 2016, more than half of the employees actively participated in TRACKS by doing so.

► Balance

A healthy work-life balance

Every day, our employees meet high requirements and expectations. The basis for their commitment, performance and hence our company's success is a working environment that promotes and maintains health and allows everyone to maintain a healthy work-life balance. As a family-owned company, we take responsibility for our employees' work-life balance at all stages of their life. In 2015, we introduced the interdisciplinary 'Balance' project for this purpose. It integrates our occupational health management (OHM) and all other work-life balance activities. In 2016, we published the Balance News, which among other things gave visibility to the activities at the decentralised sites.

Our occupational health management works to ensure that our employees actively engage in maintaining their health. Besides various occupational health and safety measures, we offer an extensive range of preventive and promotional measures for both physical and mental health. They address topics such as nutrition, exercise, relaxation methods, and a balanced working life. In 2016, we hosted numerous OHM events, such as workshops, balance-themed evenings and Health Days.

We wish to offer our employees an attractive and healthy working environment. This includes regularly checking for ergonomically correct workstation design and possible sources of stress at the workplace, for example through noise, as well as taking appropriate optimisation measures.

For a healthy work-life balance

As a family-owned company, we are committed to our employees' health and equilibrium. To better leverage synergies, we introduced the 'Balance' project in 2015, which supports health and work-life balance. In 2016, we offered a lot of activities and information on the eight Balance core areas of My Family, My Time, My Health, My Sport, My Nutrition, My Culture, My Discounts and Balance at the sites. For example, we were able to expand the Health Days hosted at decentralised locations, and even organised an entire Health Week in Gallin. In addition, we cooperated long-term with a health insurance fund for the first time in 2016, produced Balance brochures for the front and back office sales staff, raised employee awareness of occupational health and safety, and conducted the third Career and Family audit. In 2016, we for the first time organised health workshops with the BARMER health insurance fund and Tchibo shop staff. At the third Tchibo Health Day in 2016 at head office, we called for preventive measures including and especially for mental health, under the heading 'the sooner, the healthier!'

Our corporate reintegration management (CRM) scheme supports employees who have been ill for more than six weeks in a given year with their return to work. We offer them individual, flexible workstations or working hours and also work with them to adapt their tasks as needed. The goal is to quickly and gently settle the employees in again, and make them fit for work again in the long term.

We support our employees with disabilities through our Disabilities Officer, as well as seminars and offers for dialogue. In the past seven years, we have increased the proportion of our employees with a disability to over 5 % of the total workforce.

My Sport

Regular exercise is an important factor for staying mentally and physically fit and creating a healthy balance to workplace stress. We help our employees with various company offerings and financial support. Since the end of 2015, for example, we have offered the weekly 'Active Break' – a short sequence of relaxation and strengthening and stretching exercises – at the Hamburg production site as well as in the administration building in Süderstrasse – to offset work stress. At the Hamburg headquarters we operate a leisure centre that offers more than 40 courses

per week, a weight room, and a swimming pool. Around 2,600 employees, family members and retirees regularly use this service. In Gallin, we offer company sport and exercise groups and massage appointments. Tchibo employees in the sales force and in Tchibo shops can claim subsidies for various fitness programmes in Germany.

In 2015, we cooperated with the German Pension Insurance (DRV) to conduct a pilot project to promote health. We repeated it in 2016 due to the good response and results. It involves the participants undergoing a programme consisting of an initial phase to determine health and fitness, a training phase with the support of the company, and a phase with an individual training plan on personal initiative. The programme spans six months and can be carried out at our Tchibo leisure centre.

My Nutrition

We round off the Tchibo health concept for our employees with a balanced, fresh and sustainable diet. Food is freshly prepared each day at the Nordlicht staff restaurant at the Hamburg headquarters, and in the staff restaurants at the production and logistics sites. At the Nordlicht, a 'climate dish' has been on the menu every week since 2012. In these specials, meat and dairy products – which have a high carbon footprint as their production produces a lot of greenhouse gas emissions – are substituted with climatic-neutral dishes. Through this measure alone, we have already saved a total of 85 tons of CO₂ equivalents. We also host theme weeks to encourage our employees to choose healthy, light meals, and to transfer this inspiration into their personal lives as well. In 2017, we first introduced the offer of nutritional advice for our employees, individually and in groups.



A healthy work-life balance

As a family-friendly company, we support employees in achieving a healthy work-life balance. We gear our offerings to the individual needs of our employees and their requirements at different stages of their lives. We define 'family' to mean all domestic partnerships where social responsibility is assumed long-term. In other words, this includes parents, children, spouses/long-term partners, siblings, and grandparents.



For our commitment to a healthy work-life balance, we were the first retail company in Germany to be certified as a 'family-conscious employer' by berufundfamilie GmbH, an initiative by the non-profit Hertie Foundation. In 2013, we were recertified until August 2016, and in June 2017 we were audited and certified as a 'family-conscious employer' for the third time.

At our company, we apply the principle of trust-based working hours, because for us what counts is an employee's actual performance, not the time they spend in the office. All employees, including managers, have the option of working part-time. A company agreement on working from home provides added flexibility. Job-sharing models and sabbaticals are also possible.

Flexible working

Change and flexibility dominate our modern working worlds as well, and require executives in particular to act in a flexible yet stable manner. In 2014, we added a section on 'Flexible Working' to our management manual and expanded the range of seminars accordingly. In 2016, we expanded our change management offer for executives with information events and training, including at our Tchibo CAMPUS. We also systematically support our executives in the responsible handling of expectant mothers and fathers.

In the New Workplaces@Tchibo pilot project, we also created new work environments, in the form of Creative, Communication, Work and Quiet zones. The employees no longer sit at a fixed place, but choose their workstation flexibly and depending on the project they are working on. Because this concept proved its merit in the Coffee Marketing department, in 2016 we implemented it in the Cafissimo and Non Food departments as well.

Care of children and relatives

Our 'connection concept' facilitates our employees' return to work after parental leave. We also support parents with childcare, by providing 43 day-care spaces at the child-care centres we work with near the Hamburg headquarters. In 2016, we once again teamed up with the Verein Väternetzwerk (Fathers Network association) to host 'especially for fathers' informative events at Tchibo headquarters.

We have worked closely with pme Familienservice Gmbh for many years in order to meet the various family requirements that our employees face during their working life as adequately as possible. pme Familienservice provides consultation on all childcare-related matters and helps with sourcing qualified service providers for holiday and emergency care programmes.

pme Familienservice also advises our employees on the subject of caring for family members and helps them source care services. To provide even better assistance to our employees in reconciling work and the care of relatives, in November 2016, we introduced the position of a 'Work and Care Compatibility Guide' to advise our employees. The initiative for having such an officer as the first point of contact in companies was put forward by the Hamburg Alliance for Families, a consortium made up of the Hamburg Senate, Chambers of Commerce and Chambers of Trades and Crafts.

► Remuneration, benefits & Tchibo extras

Rewarding performance and commitment

We want passionate and high-performance employees – and we reward their commitment with attractive, fair, and performance-based remuneration. We base our compensation structure on the principles of market comparability, fairness, transparency, and plausibility, and regularly adapt it to current developments. In 2016, with the implementation of our Talent Navigator, we also updated our remuneration system and made it even more transparent by consolidating roles and job profiles.

We pay target achievement bonuses as a percentage of basic salary and perform the salary reviews directly after the appraisals in order to emphasise our focus on performance. In addition to bonuses and premiums, our employees also receive special allowances such as Christmas and holiday pay. In the remuneration of staff at our Tchibo shops, we take our cue from collective agreements for the retail trade.

Recognising commitment and dedication: Tchibo Extras

An integral part of our corporate culture are the attractive voluntary employee benefits with which we recognise the dedication and commitment of our employees. These extras include pension schemes, health promotion initiatives, Group accident insurance that provides 24-hour coverage and therefore also extends to their personal life outside of work, as well as employee discounts on Tchibo products and travel. We also promote our employees' safety of on their way to work with driving safety training, which is subsidised by the employers' liability insurance association.

As part of our company's health promotion efforts, we offer our employees a comprehensive fitness range, especially with the leisure centre at our Hamburg headquarters. For a fee of just €2 a month they can participate in 30 sports and use the in-house swimming pool and weight room. Employees who live outside Hamburg are offered discounted gym memberships.

Social insurance: beyond active employment

As a responsible employer, we are also committed to our employees' well-being beyond their active employment through various retirement provision measures. For more than 12 years now, we have offered all employees at Tchibo GmbH and our German subsidiaries a company pension scheme. The capital payment amount is based on the employees' contractual position and how long they worked for the company. As part of the 'collective bargaining and statutory pension provisions', we also offer all Tchibo employees the option of building up an additional pension pot through payments that are exempt from taxes and social security contributions, and to which we make an annual employer contribution upon request. Our employees can also take out direct insurance through the company to cover possible shortfalls and as a further instrument of personal provision. On request, our HR department offers employees consultation about optimal, individual solutions.

Overview of our comprehensive benefits package

- Flexible working hours systems including trust-based working hours, flex-time, part-time and work from home, sabbaticals
- Pension benefits (e.g. group accident insurance, company pension)
- Anniversary gifts
- Preventive healthcare, 'Balance' project
- Employee discount and monthly coffee allowance
- Subsidised public transport
- Staff restaurant and cafeteria, coffee pantries on all floors with a range of coffee, tea, cocoa and mineral water, free to employees
- Offers at the leisure centre
- A company sports programme
- Day-care places at the City Nord children's day-care centre and at partner day-care facilities in the surrounding area
- Children's events
- Seniors events
- Organic Christmas roast
- Organisation of festivals and parties

► **Social commitment: Shouldering responsibility for society, together**

Social commitment: shouldering responsibility for society, together

As a family-owned company and an active member of society, we feel it is a matter of course to take responsibility beyond the boundaries of our own business activities. This includes supporting non-profit organisations and our employees' volunteer efforts, as well as looking for opportunities within our business activities to make a positive contribution to societal development.

For the integration of displaced persons

As a globally operating company, we are particularly concerned with making an active contribution to refugee aid and helping to integrate and employ displaced persons. Since 2015, we have been involved in a three-stage action plan for displaced persons in Germany, Austria and Turkey: we make it possible for our employees to volunteer locally through a corporate volunteering programme, provide internships and apprenticeships, and send appropriate in-kind donations to relief organisations. In mid-2016, we joined the 'Wir zusammen – Integrations-Initiativen der deutschen Wirtschaft' (We Together – Integration Initiatives by German Business) platform, which is committed to integrating displaced persons into society and business.



Corporate Volunteering



Employees from our company get involved personally and locally: on our pilot 'Corporate Volunteering Day' in January 2016, 24 Tchibo employees sorted clothes at a Hamburg reception centre for displaced persons. Due to the positive feedback from this voluntary social activity, we developed a long-term corporate volunteering programme. We cooperate with the refugee reception centre as well as a school, as the integration of displaced children is particularly important to us. Tchibo employees can support the school by volunteering to accompany the children on day trips, help in the daily routine, and assist with breakfast duty, or serve as mentors.

As part of the corporate volunteering programme the Refugee Aid project team teamed up with 'f & w fördern und wohnen AöR' and the 'Gute Tat' foundation to organise a children party in March and two children's parties in August 2016 at Sportallee at the beginning of August.

In March 2017, another Corporate Volunteering Day was held, during which Tchibo employees spent a day at the refugee facility on Sportallee, with the active participation of our CEO. Another children party was organised in September 2017.

Employment of displaced persons

Finding employment and starting to work quickly is particularly important for the integration of displaced persons into society, and we were able to provide eight displaced persons with (commercial) internships in 2016. In the meantime, we were able to hire one of them in a regular employment relationship due to good language skills and expertise. One intern of our staff restaurant participated in the 'preparation for vocational training for migrants'.

Needs-driven donations for displaced persons

In 2015, we donated urgently needed products like toys, bedding, winter clothes and suitcases with a retail value of around two million euros. The donations were made to accredited charities in Germany, Austria and Turkey via the German and the Austrian Red Cross and the Turkish aid organisation Kizilay (Turkish Red Crescent). We continue to make in-kind donations as needed. In 2016, the value of the goods we donated amounted to about 336,000 euros. Receipts from the sale of tickets during the Tchibo Summer Festival 2016 went to our partners, am Schleemer Park school and the Sportallee refugee-receiving facility.

Support from customers, employees and cooperations

With the 'Tchibo Weihnachtswunder' Christmas fundraising campaign launched in cooperation with the Bundesverband Tafel e.V. charity, we made Christmas a little more joyful for 250,000 people in need in 2016, with 100,000 Tchibo gift packages as well as a campaign in which our customers enabled additional gift packages, and our Wish-Tree campaign, in which employees could register as sponsors for children in need and make their wishes come true.

Key Performance Indicators

We use a system of informative indicators to continually measure our sustainability-related achievements. The figures testify to the progress we've made, but also point to necessary improvements, and thus form the basis for managing our sustainability activities on the way to becoming a 100 % sustainable business.

As in the preceding years, in 2016 we report on developments in our value chains and action areas in a transparent, fact-focused manner based on indices and key performance indicators. We use performance indicators to manage and further develop our key sustainability activities and to focus our reporting on the topics that are salient for Tchibo.

The 2014 to 2016 indicators refer to the calendar year in each case, and to the sustainability-relevant business activities of Tchibo GmbH and sites in Germany. Our international subsidiaries are also covered provided they use centrally controlled processes. Beyond the indicators for the Coffee and Consumer Goods businesses, the figures also include data on transport-related CO₂-emissions. No prior-year figures are shown for selected indicators which were fundamentally revised or surveyed for the first time in 2016.

The purchasing and production figures refer to the quantities purchased or produced in the reporting year. Any divergences in the scope of the reporting are indicated accordingly. Each of the figures is separately rounded off, which can lead to slight discrepancies in the sum totals.

We changed the methodology for calculating CO₂ emissions in the supply chain and at our sites in 2016, thereby adapting these indicators to the latest accounting standards and ensuring the validity of the data.

Indicators for the 2016 calendar year that were audited by an independent auditing company are labelled with a certification mark . Indicators for the 2014 calendar year that were audited by another independent auditing company are labelled with another certification mark . The complete audit certificate can be found in the appendix of this report.

Sustainable Business Governance	Unit	2014	2015	2016
Revenues Tchibo revenues	€ bn	3.4	3.4	3.3
Coffee value chain	Unit	2014	2015	2016
Sustainable Coffee Share of green coffees covered by the Tchibo Sustainability Concept as a percentage of the total volume of green coffee that was delivered to Tchibo and third-party roasting plants for production during the reporting period.	%	34.3 	41.2	36.3 ¹ 
Tchibo Joint Forces![®] projects Number of projects that are ongoing or have been completed under the Tchibo Joint Forces! [®] program since 2011.	number	7	13	13
Non Food value chain	Unit	2014	2015	2016
Portfolio of producers and Strategic approach				
Producers Number of producers who produced Non Food items for Tchibo in the main selling year (Hauptverkaufsjahr - HVK)	number	780	690	700 
SCoC signatories Share of producers who have signed the Social and Environmental Code of Conduct (SCoC).	%	100	100	100
Direct business Share of directly purchased projects as a percentage of all purchasing projects.	%	64.4	70.3	72.0
WE Producers Number of producers who have participated in the Worldwide Enhancement of Social Quality (WE) qualification program since 2007.	number	320	323	342
WE Producers in HVK Number of WE producers who produced for Tchibo in the main selling year (HVK).	number	230 	218	202
WE Products Share of purchasing projects that was realized using WE Producers.	%	60.7	60.8	59.7
WE purchasing volume Share of purchasing volume that was realized through WE Producers.	%	66.2	66.8	66.7

¹ In 2016 we reduced the share of green coffee grades validated according to the 4C Basic Standard, and used the freed-up funds for the 'Mainstreaming Sustainable Coffee Production' initiative.

Non Food value chain		Unit	2014	2015	2016
Portfolio of producers and Strategic approach					
WE purchasing volume in at-risk countries²		%	73.8	73.8	71.9
Share of purchasing volumes from at-risk countries that was produced by WE producers.					
Core suppliers (number)		number	42	42	41 
Number of suppliers with master contracts. Known as 'core suppliers', they can have goods produced for Tchibo at more than one producer/factory.					
Core suppliers (share)		%	31.4	37.0	38.7
Share of core suppliers as a percentage of purchasing projects.					
Countries					
Producing countries Share of purchasing projects per manufacturing	China	%	61.9	57.4	62.1
	Germany	%	7.7	7.8	5.3
	Turkey	%	6.4	6.8	5.4
	Bangladesh	%	4.2	5.5	5.0
	India	%	3.1	3.7	3.9
	Other ³	%	16.7	18.8	18.2
WE country coverage Share of purchasing projects at WE Producers as a percentage of total purchasing projects per manufacturing country.	Ethiopia	%	100	100	100
	China	%	71.3	71.2	62.9
	Bangladesh	%	100	100	93.3
	Cambodia	%	70.3	92.6	93.9
	Laos	%	95.2	100	100
	India	%	67.3	74.0	68.1
	Turkey	%	88.3	75.9	93.9
	Vietnam	%	72.9	76.1	57.3

² In the reporting period, we treated all manufacturing countries (see also the ones listed under "Others") except EU countries, Israel, Japan, Switzerland, South Korea and the U.S. as at-risk countries. These latter countries were ruled out in a risk analysis, as they have other effective mechanisms in place for ensuring compliance with social and environmental standards (e.g. a functioning legal system, press freedom and tighter controls by government agencies).

³ Other in 2014: 27 Countries: AT. BA. BG. CH. CZ. DK. EG. ES. ET. FR. HU. ID. IL. IT. KH. LA. LB. LK. MY. NL. PK. PL. RO. TH. TN. TW and VN; in 2015: 30 Countries: AT. BA. BG. CH. CZ. EG. ET. FR. HU. ID. IL. IT. JP. KH. LA. LB. LK. LT. MM. MY. NL. PK. PL. RO. SI. SK. TH. TN. TW and VN; in 2016: 33 Countries: AT. BA. CH. CZ. DK. EG. ES. ET. GB. HU. ID. IL. IT. KH. KR. LA. LB. LK. LV. MM. MY. NL. PH. PK. PL. PT. RO. SK. TH. TN. TW. UA and VN.

Social and environmental audits: Monitoring					
Social and environmental audits by type of audit Number of internal and external Social and environmental audits performed, by type of audit.	Total	number	586	595	488
	Internal social and environmental	number	439	375	361
	External social and environmental audits	number	147	220 ⁴	127
Social and environmental audits by country Number of <u>internal and external</u> social and environmental audits performed, by producing country.	Total	number	586	595	488
	Bangladesh	number	17	9	17
	China	number	407	377	332
	India	number	67	68	36
	Indonesia	number	8	10	27
	Cambodia	number	5	18	15
	Thailand	number	7	6	2
	Turkey	number	16	11	15
	Vietnam	number	21	43	12
	Other ⁵	number	38	53	33
Sustainable Resources and Products ⁶					
Responsibly produced cotton Share of textiles made from/ with 'Organic Cotton', 'Cotton made in Africa', 'Better Cotton Initiative', 'Appachi ECO-LOGIC Cotton', or GOTS. ⁷	Total	%	85	80	80
Sustainable man-made cellulose-based fibres Share of textiles containing man-made cellulose fibres (viscose, Modal, Tencel, and Micro Modal), made from responsible sources and to eco-friendlier standards in cooperation with Lenzing AG.	Total	%	60	64	81
Wood and paper from responsible sources Share of products with a wood/ cellulose component (except textiles) that are certified compliant with the criteria of the Forest Stewardship Council (FSC®). ⁸	Total	%	57	40	40

Sustainable Resources and Products ⁶					
Chrome-free tanned leather Share of leather products made from chrome-free tanned leather.	Total	%	65	98	100

⁴ Increase in the number of audits due to audits at upstream suppliers (e.g. packaging and other preliminary stages) and minimum wage audits in Germany.

⁵ Other in 2014: Egypt. Dominican Republic. Hong Kong. Laos. Lebanon. Malaysia. Myanmar. Pakistan. Sri Lanka. Taiwan. Ukraine. Cyprus. Other 2015: Egypt. Bosnia-Herzegovina Germany. Britain. Lebanon. Malaysia. Macedonia. Myanmar. Sri Lanka. Pakistan. Taiwan. Tunisia. Ukraine. Other in 2016: Taiwan. Myanmar. Romania. Malaysia. Philippines. Sri Lanka. Macedonia. Czech Republic and Poland.

⁶ In the past, the project number of the main selling period (HVK) of the following year was used as the basis for the indicators relating to sustainable resources and products. For the reporting year 2015, we for the first time used the numbers from the main selling period (HVK) of the reporting year in question. This has also changed the indicators retrospectively.

⁷ Tchibo terminated its membership in the Better Cotton Initiative (BCI) in 2015. In 2016, we started offering textiles from the Appachi ECO-LOGIC initiative.

⁸ The indicator calculated for 2016 is an approximate value, as we are in the process of revising the recording and evaluation of our indicators.

Environment		Unit	2014	2015	2016
Logistics					
Transport-related CO₂e-emissions (average) CO ₂ e-emissions caused by the transport of Tchibo products, as a proportion of total ton-kilometres. ⁹	Total	g/tkm	13.04	14.36	14.50 ¹⁰
Transport-related CO₂e-emissions (absolute) CO ₂ e-emissions caused by the transport of Tchibo products, not adjusted for volume. ¹¹	Total	t	59,837	59,477	60,072 ✓
	Ocean-going vessels	t	33,265	26,695	18,330 ✓
	Truck	t	20,384	22,491	27,363 ¹² ✓
	Rail	t	4,274	4,264	4,229 ✓
	Air	t	1,840	5,999 ¹³	10,120 ¹⁴ ✓
	Inland water-way vessels	t	74	47	30 ✓
Reduction of transport-related CO₂e-emissions Decline in transport-related CO ₂ e-emissions compared with the base year 2006.	Average CO ₂ e-emissions in g/tkm	%	-31.5	-27.3 ¹⁵	-27.0
	Absolute CO ₂ e-emissions in t	%	-53.4	-53.7	-53.0
Transport-related CO₂e-emissions by mode of transport Share in transport-related CO ₂ e-emissions, by mode of transport used.	Ocean-going vessels	%	55.6	44.9	30.5
	Truck	%	34.1	37.8	45.6 ¹²
	Rail	%	7.1	7.1	7.0
	Air	%	3.1	10.1 ¹⁶	16.9 ¹⁷
	Inland water-way vessels	%	0.1	0.1	0.1

⁹ Ton-kilometres are a common unit of measurement in goods transport. It is calculated from the weight of the transported goods in tons, multiplied by the distance covered in kilometres in the year 2016.

¹⁰ The change in the Non Food business model led to an increase in air and truck transports in 2016.

¹¹ In 2014, the values were for the first time, and retroactively for 2013, calculated in accordance with DIN EN 16258. CO₂e equivalents (CO₂e) take into account not only carbon dioxide, but also other greenhouse gases such as methane and nitrous oxide.

¹²The increase in truck transports can be attributed mainly to the extension of scope to include new B2C relationships and the sharpening of the average route values.

¹³The expanded integration of air transports has also reduced the relative savings. All measures involving integrated transports are also included in the reduction programme.

¹⁴The change in the Non Food business model led to an increase in air transport.

¹⁵As part of the resolution to increase the emission savings by another 10 %, it was also decided to expand the scope of logistics transports carried out by service providers. The scope expansion will be further rolled-out in the years ahead. This scope expansion has caused a slight reduction in the savings compared to previous years. The resulting expanded integration of air transports has also reduced the relative savings. All measures involving integrated transports are also included in the reduction programme.

¹⁶The expanded integration of air transports has also reduced the relative savings. All measures involving integrated transports are also included in the reduction programme.

¹⁷The change to the Non Food business model led to an increase in air transport.

Environment		Unit	2014	2015	2016
Sites and Tchibo Shops					
Energy consumption at sites Energy used at the Tchibo Shops, the Tchibo Head Office in Hamburg, the warehousing sites in Neumarkt and Gallin and the roasting plants in Berlin and Hamburg.	Total	MWh	117,246	117,070	116,479
	By type of energy				
	Electricity	MWh	55,616	55,993	53,786
	Gas	MWh	56,338	55,784	56,627
	District heat	MWh	3,997	4,069	4,883
	District cooling	MWh	1,295	1,224	1,183
	By type of site				
	Administrative (offices)	MWh	10,866	10,739	11,293
	Tchibo Shops	MWh	20,825	21,761	20,038
	Roasting plants	MWh	73,829 	72,643	72,718 ¹⁸
Warehouses	MWh	11,726	11,927	12,430	
CO₂ emissions from energy consumption at sites CO ₂ emissions caused by energy consumption at our sites.	Total	t	47,307	45,480	44,310
	Electricity	t	31,646 	29,956	28,345
	Gas	t	14,085	13,946	14,157
	District heat	t	1,191	1,213	1,455
	District cooling	t	386	365	352
Electricity obtained from renewable energy sources Share of electricity obtained from renewable sources.	Total	%	100	100	100
	Administrative (offices)	%	100	100	100
	Tchibo Shops	%	100	100	100
	Roasting plants	%	100	100	100
	Warehouses	%	100	100	100

Environment		Unit	2014	2015	2016
Mobility					
Distances covered on business trips Total distance traveled by Tchibo employees on business trips.	Total	km	32,999,885	30,501,139	27,956,197
	Company vehicles	km	15,474,004	15,000,629	14,456,564
	Air	km	13,971,862	12,620,598	10,933,774
	Rail	km	3,155,566	2,570,292	2,264,834
	Rental cars	km	398,453	309,620	301,025
CO₂ emissions associated with business trips CO ₂ emissions associated with business trips by Tchibo employees. ²⁰	Total	t	3,856	4,082	3,749
	Company vehicles	t	2,470	2,540	2,400
	Air	t	1,228	1,418	1,236
	Rail	t	108	84	74
	Rental cars	t	51	40	38
Fuel consumption of the Tchibo fleet of cars and associated CO₂ emissions CO ₂ emissions from fuel consumed by the Tchibo fleet of cars.	CO ₂ emissions	t	2,470	2,540	2,400
	CO ₂ emissions (average)	g/km	119	116	113
	Fuel consumption	1,000 l	944	971	918

¹⁸ In 2016, Tchibo's German coffee-roasting plants reduced their energy consumption relative to the roasted coffee production volume by 1.7 % YOY (year-over-year). However, total consumption is higher because the production volume rose.

¹⁹ The basis for calculating CO₂ emissions from electricity consumption was changed vis-à-vis the Sustainability Report 2014 due to an update of the relevant emission factor. In this report, the updated CO₂ emission factors as defined in "Development over time in the specific carbon dioxide emissions of the German electricity mix: 1990 to 2016", UBA 15/2017 were used. The calculation basis for gas, district heat and district cooling are the CO₂ equivalent emission factor in accordance with GEMIS 2015, taking into consideration the total lifecycle incl. transports and material input, excluding disposal. The use of the latest emission factors in each case limits a direct comparability with the 2014 and 2015 figures.

Packaging and waste					
Packaging materials brought into circulation Volume of packaging materials brought into circulation by Tchibo.	Total	t	20,462	19,172	18,668
	Paper/ cardboard	t	15,471	14,231	13,606
	Plastics	t	2,356	2,116	2,619
	Composite packaging	t	2,172	2,328	2,024
	Glass	t	434	454	386
	Aluminium	t	6	8	13
	Tin	t	17	23	9
	Other	t	7	12	11
Reduction in the free provision of plastic bags at Tchibo Shops.²¹	Total	%	-	-	87 

²⁰ Calculated based on Öko-Institut emission factors (in accordance with 4.6) or information supplied by the service provider.

²¹ To calculate the indicator, the sales figures from SAP for the year 2016 were compared with the quantities of disposable bags purchased in 2015. Due to possible changes in inventories, there may be deviations from the actual number of disposable bags given out for the base year 2015.

Environment		Unit	2014	2015	2016
Packaging and waste					
Waste at Tchibo sites Waste generated at Tchibo's administrative, production and warehousing sites.	Total	t	12,821.51	13,012.00	10,501.79
	Paper and cardboard	t	9,880.59	8,104.20	6,289.90
	Municipal waste	t	975.66	2,186.99	1,505.88
	Waste from the production and processing of food	t	1,455.30	1,557.35	1,695.44
	Mixed foil	t	233.40	377.76	198.61
	Plastic waste	t	165.62	175.89	126.93
	Bulky waste	t	9.63	313.81	61.97
	Wood	t	96.31	93.81	543.57
	Glass	t	1.50	0.00	0.00
	Used appliances	t	7.00	181.85	155.90
	Hazardous waste (according to the Waste Catalogue Ordinance)	t	3.50	8.50	2.30
	Waste from construction and demolition	t	0.00	11.84	1.42
	Waste at warehousing sites operated by service providers Waste generated at warehousing sites operated by service providers (that Tchibo cooperates with).	Total	t	5,645.16	6,748.64
Paper and cardboard		t	4,740.78	5,665.60	5,241.13
Municipal waste		t	570.12	373.81	546.01
Waste from the production and processing of food		t	2.50	0.00	0.00
Mixed foil		t	167.30	199.29	163.93
Plastic waste		t	2.35	1.53	0.00
Bulky waste		t	63.35	454.50	622.18
Wood		t	98.76	53.88	0.00
Glass		t	0.00	0.00	0.00
Ceramics		t	0.00	0.23	0.00
Used appliances	t	0.00	0.00	0.00	

Environment		Unit	2014	2015	2016
Packaging and waste					
Waste at warehousing sites operated by service providers Waste generated at warehousing sites operated by service providers (that Tchibo cooperates with),	Hazardous waste (according to the Waste Catalogue Ordinance)	t	0.00	0.00	0.00
	Waste from construction and demolition	t	0.00	0.00	0.00
Waste by type and disposal method Total volume of waste broken down by hazardous vs. non-hazardous waste and by disposal method,	Hazardous waste	t	3.50	8.50	2.30
	Non-hazardous Waste	t	12,818.01	19,752.14	17,072.74
	Compost	t	1,538.16	159.82	1,528.89
	Recycle	t	10,254.41	18,721.17	14,748.16
	Incineration	t	769.08	773.38	725.86
	Landfill	t	256.36	97.77	69.83
Water					
Water consumption Annual water consumption at administrative offices in Hamburg and at warehousing sites.	Total	m ³	37,279	32,593	39,103
	Administrative sites	m ³	26,400	24,623	32,011 ²²
	Warehousing sites	m ³	10,879	7,970	7,092

²² The increased water consumption at the administrative offices in 2016 resulted from a complete draining and replacement of the swimming pool water at the leisure centre of the company headquarters in Hamburg.

Employees		Unit	2014	2015	2016
Personnel structure					
Employees The figures shown refer both to full-time and part-time employees, not counting interns, employees not covered by statutory wage continuation requirements, and employees on maternal or parental leave.	Total	number	8,264	7,715	7,481
	Women	number	6,738	6,221	6,024
	Men	number	1,526	1,494	1,457
Trainees and apprentices Number of apprentices and Trainees, by gender.	Apprentices	number	151	160	145
	Women	number	93	104	95
	Men	number	58	56	50
	Trainees	number	8	4	3
	Women	number	6	3	3
	Men	number	2	1	0

Employees		Unit	2014	2015	2016
Personnel structure					
Employees by area of deployment Number of Employees broken down by area of deployment and gender.	Tchibo Shops	number	5,271	4,804	4,612
	Women	number	5,157	4,704	4,510
	Men	number	114	100	102
	Back office	number	2,498	2,423	2,396
	Women	number	1,466	1,412	1,415
	Men	number	1,032	1,011	981
	Sales force	number	308	292	279
	Women	number	94	84	79
	Men	number	214	208	200
	Roasting plants	number	187	196	194
	Women	number	21	21	20
	Men	number	166	175	174
Employees by type of employment Share of employees with a full-time or part-time employment contract, by gender.	Part-time	%	66.6	65.4	65.7
	Women	%	96.5	96.3	96.1
	Men	%	3.5	3.7	3.9
	Full-time	%	33.4	34.6	34.3
	Women	%	51.8	51.0	50.8
	Men	%	48.2	49.0	49.2
Employees by type of contract Share of employees with a permanent or temporary employment contract, by gender	Permanent	%	82.8	86.0	87.9
	Women	%	80.4	80.2	80.2
	Men	%	19.6	19.8	19.8
	Temporary	%	17.2	14.0	12.1
	Women	%	90.6	89.0	86.9
	Men	%	9.4	11.0	13.1

Employees		Unit	2014	2015	2016
Personnel structure					
Distribution of wage levels²³	Level 7–5	%	50.5	50.5	54.0
	Women	%	58.7	51.7	56.9
	Men	%	41.3	42.9	43.1
	Level 4	%	38.6	38.9	36.7
	Women	%	52.9	53.4	54.7
	Men	%	47.1	46.6	45.3
	Level 3-2	%	9.9	9.5	8.3
	Women	%	36.0	35.7	39.0
	Men	%	64.0	64.3	61.0
	Higher wage levels	%	1.0	1.0	1.0
	Women	%	17.4	13.0	13.6
	Men	%	82.6	87.0	86.4
Age structure Age structure of the total workforce, shown in 3 age groups (< 30 years old, 30-50 years old, > 50 years old), by gender.	< 30 y.o.	%	16.7	14.3	14.6
	Women	%	80.9	79.0	78.5
	Men	%	19.1	21.0	21.5
	30-50 y.o.	%	54.0	53.4	50.8
	Women	%	80.6	79.6	79.5
	Men	%	19.4	20.4	20.5
	> 50 y.o.	%	29.3	32.4	34.6
	Women	%	83.6	83.1	82.9
	Men	%	16.4	16.9	17.1
Nationalities Share of German citizens, EU citizens, and non-EU citizens.	German citizens	%	93.4	93.5	92.9
	EU citizens	%	3.3	3.5	3.9
	non-EU citizens	%	3.3	3.0	3.2
Employees with disabilities Share of employees with disabilities in the total workforce, by business unit.	Tchibo GmbH	%	5.1	5.4	6.1
	Tchibo Manufacturing	%	10.2	11.0	12.2
	Average share	%	5.2	5.5	6.3

²³ Until 2015, grouped according to the Hay Group method. Since 2016, based on a new remuneration system that reflects a given job's complexity and value contribution to the company's success

Employees		Unit	2014	2015	2016	
New hires and exits						
New hires New hires (not including apprentices and trainees), by age group, gender and area of deployment.	Total	number	1,216	885	1,019	
	Women	number	1,041	754	844	
	Men	number	175	131	175	
	By age group and gender					
	< 30 y.o.	number	533	397	513	
	Women	number	463	348	415	
	Men	number	70	49	98	
	30-50 y.o.	number	587	428	435	
	Women	number	494	349	362	
	Men	number	93	79	73	
	> 50 y.o.	number	96	60	71	
	Women	number	84	57	67	
	Men	number	12	3	4	
	By area of deployment and gender					
	Tchibo Shops	number	984	670	757	
	Women	number	925	638	696	
	Men	number	59	34	61	
	Back office	number	204	187	230	
	Women	number	106	111	139	
	Men	number	98	76	91	
Sales force	number	26	16	22		
Women	number	9	6	7		
Men	number	17	10	15		
Roasting plants	number	2	12	10		
Women	number	1	1	2		
Men	number	1	11	8		
New apprentices and trainees Number of new apprentices and trainees, by gender.	Apprentices	number	43	57	29	
	Women	number	23	40	18	
	Men	number	20	17	11	
	Trainees	number	6	3	2	
	Women	number	4	3	2	
	Men	number	2	0	0	

Employees		Unit	2014	2015	2016
New hires and exits					
Fluctuation / Churn rate Employee departures in relation to the average head-count, by area of deployment and gender.	Total	%	9.5	10.2	10.9
	Women	%	10.1	10.7	10.9
	Men	%	6.7	8.1	10.6
	By area of deployment and gender				
	Tchibo Shops	%	12	12.2	12.3
	Women	%	11.6	12.0	11.6
	Men	%	32.5	25.0	50.8
	Back office	%	5.3	7.2	8.9
	Women	%	5.4	6.7	8.9
	Men	%	5.2	8.0	8.9
	Sales force	%	5.9	6.0	8.8
	Women	%	8.5	9.7	12.1
	Men	%	4.7	4.2	7.3
	Roasting plants	%	3	3.5	3.0
	Women	%	0	0	4.2
Men	%	3.4	4.0	2.8	
Reasons for leaving Reasons for leaving, by type and gender.	Termination by employees	%	74.0	71.4	68.0
	Women	%	89.7	88.4	84.5
	Men	%	10.3	11.6	15.5
	Amicable dissolutions	%	20.1	23.4	25.8
	Women	%	84.3	78.9	77.2
	Men	%	15.7	21.1	22.8
	Occupational disability / incapacity to work	%	1.4	1.7	1.7
	Women	%	100	100	93.3
	Men	%	0	0	6.7
	Tod	%	0.7	0.7	0.8
	Women	%	66.7	66.7	85.7
	Men	%	33.3	33.3	14.3

Employees		Unit	2014	2015	2016
New hires and exits					
Reasons for leaving Reasons for leaving, by type and gender.	Exits without provision of reasons	%	3.7	2.9	3.8
	Women	%	65.6	69.2	70.6
	Men	%	34.4	30.8	29.4
Talent management					
Hours of training²⁴	Total	hours	-	31,875.5	36.381 ²⁵
Employee training	Total	number	-	2,939	3,524 ²⁵
Completed apprenticeships / traineeships Number of apprentices and trainees who completed their training, by area of deployment and gender.	Total	number	59	39	25
	Shop	number	32	14	15
	Back office	number	22	21	8
	Sales force	number	0	0	0
	Roasting plants	number	5	4	2
	Women	number	36	23	19
	Men	number	23	16	6
Work-life balance					
Employees on Parental leave Number of Employees on full parental leave (i.e. not employed part-time while on leave).	Total	number	138	128	167
	Tchibo Shops	number	82	75	69
	Back office	number	50	49	91
	Sales force	number	5	4	7
	Roasting plants	number	1	0	0
Integration of parental leavers after 3 Months Share of employees who were working at Tchibo again within 3 months after the end of a parental leave lasting at least 3 months.	Total	%	71.5	66.0	72
	Tchibo Shops	%	73.0	65.0	74
	Back office	%	70.0	74.0	79
	Sales force	%	80.0	25.0	43
	Roasting plants	%	100.0	0	0

²⁴ 2015 marked the first-time survey of total training hours and employee training. The financial expenditure on this will not be surveyed in future.

²⁵ Trainings that took place either onsite or directly in Tchibo shops are not taken into account.

Employees		Unit	2014	2015	2016
Occupational health management					
Workplace accidents per 1,000 Employees Workplace accidents per 1,000 Employees (not counting smaller accidents; cumulated across our production and warehousing sites, Tchibo Shops, and administrative offices)	Total	number	22	32 ²⁶	25
Days of absence Number of paid sick days in relation to the average number of employees	Total	number	11.7	11.8	12.3
	Women	number	12.6	12.5	12.8
	Men	number	7.7	8.8	10.0
	By area of deployment and gender				
	Tchibo Shops	number	13.5	13.3	13.5
	Women	number	13.5	13.3	13.5
	Men	number	10.4	10.8	13.9
	Back office	number	8.6	9.3	10.0
	Women	number	9.6	10	10.5
	Men	number	7.1	8.1	9.2
	Sales force	number	6	7.6	6.8
	Women	number	6.8	10.9	8.5
	Men	number	5.6	6	6.0
	Roasting plants	number	12.7	15	17.6
	Women	number	17.8	14.6	21.6
Men	number	12	15	17.0	
Days of absence Number of paid sick days in relation to the average number of employees	Total	%	4.5	4.7	4.8
	Women	%	4.9	5.0	5.0
	Men	%	3.2	3.8	4.1
	By area of deployment and gender				
	Tchibo Shops	%	5.2	5.1	5.2
	Women	%	5.2	5.1	5.2
	Men	%	4.5	4.1	6.1
	Back office	%	3.9	4.3	4.4
	Women	%	4.5	4.9	4.8
	Men	%	3.1	3.6	3.9
	Sales force	%	2.6	3.3	3.0

²⁶ Due to a calculation error, it was necessary to correct the number of work accidents in the previous year from 19 to 32.

Employees		Unit	2014	2015	2016
Occupational health management					
Days of absence Number of paid sick days in relation to the average number of employees	By area of deployment and gender				
	Women	%	3.2	5.2	4.1
	Men	%	2.3	2.5	2.5
	Roasting plants	%	5.4	6.2	7.3
	Women	%	8.2	6.9	9.7
	Men	%	5	6.1	7.0
Work-related fatalities Number of work-related fatalities in the total workforce and at independent contractors.	Total	number	0	0	0

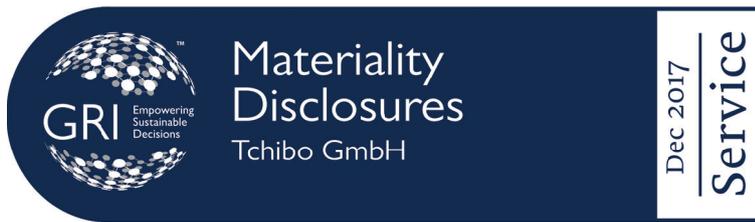
GRI Content Index

We have based our sustainability reporting on the guidelines of the Global Reporting Initiative (GRI), the globally recognised basis for comparability and transparency, ever since 2008. This Sustainability Report 2016 marks the first time we are using the GRI standards that will completely replace all previous GRI versions from 2018.

In 2012, we identified the topics that are material for Tchibo by means of an extensive stakeholder survey, and then mapped them in a materiality matrix. The key topics are derived from this matrix, and are updated in the course of our ongoing stakeholder involvement, and adjusted annually as needed.

Based on a systematic analysis of the requirements of the GRI standard which we carried out in 2016, we have concentrated on our material topics and particularly informative indicators during the first application of the new standard. Where appropriate, we refer to further sources of information.

This report has been prepared in accordance with the GRI Standards: Core option. We also take into account the GRI additional protocol for the food industry, and the industry-specific supplementary indicators for the clothing and footwear industry, which exist as a pilot version. Data that have been audited by an independent auditing company are labelled with .



General Disclosures					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 102: General Disclosures 2016	102-1	Name of the organization	About Tchibo	General	
	102-2	Activities, brands, products, and services	About Tchibo	General	
	102-3	Location of headquarters	Responsible Corporate Governance / About this report	General	
	102-4	Location of operations	Responsible Corporate Governance / International subsidiaries	14. Employee Rights	
	102-5	Ownership and legal form	About Tchibo	General	
	102-6	Markets served	Responsible Corporate Governance / About this report	General	
	102-7	Scale of the organization	About Tchibo	General	

General Disclosures					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 102: General Disclosures 2016	102-8	Information on employees and other workers	<p>Figures and Facts / Key Indicators, see Employees at Tchibo</p> <p>No significant share of the work at Tchibo is done by workers who are not fully employed by Tchibo. During the reporting period, temporary workers accounted for 39 % and 46 % (average value) of the staff (number of hours worked in relation to the total hours worked by employees) at our distribution centres in Gallin and Neumarkt. The share of temporary workers results from the strong seasonal fluctuation in staff requirements in supply chain management – especially during the holiday/Christmas season. The actions taken in connection with occupational safety apply for Tchibo employees as well as for temporary workers.</p>	General	Principle 6: Labour
	102-9	Supply chain	<p>Coffee Value Chain / Strategy & Management</p> <p>Consumer Goods Value Chain / Strategy & Management</p>	4. Depth of the Value Chain	
	102-10	Significant changes to the organization and its supply chain	There were no significant changes during the reporting year.		
	102-11	Precautionary Principle or approach	Responsible Corporate Governance / Aspiration, Strategy & Management		
	102-12	External initiatives	Figures and Facts / Commitments & Memberships		
	102-13	Membership of associations	Figures and Facts / Commitments & Memberships	19. Political Influence	
	102-14	Statement from senior decision-maker	Responsible Corporate Governance / Foreword Thomas Linemayr	1. Strategic Analysis and Action	

General Disclosures					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 102: General Disclosures 2016	102-15	Key impacts, risks, and opportunities	Responsible Corporate Governance / Aspiration, Strategy & Management	2. Materiality	
	102-16	Values, principles, standards, and norms of behavior	Responsible Corporate Governance / Compliance		Principle 10: Anti-Corruption
	102-17	Mechanisms for advice and concerns about ethics	Responsible Corporate Governance / Compliance	20. Conduct that Complies with the Law and Policy	Principle 10: Anti-Corruption
	102-18	Governance structure	Responsible Corporate Governance / Organisation & Management Tchibo Figures and Facts, see www.tchibo.com "About Tchibo"		
	102-40	List of stakeholder groups	Responsible Corporate Governance / Stakeholder Involvement and Materiality	9. Stakeholder Engagement	
	102-41	Collective bargaining agreements	Collective agreements apply for all Tchibo GmbH employees in Germany, except the Managing Directors of Tchibo GmbH.	14. Employee Rights	Principle 3: Labour
	102-42	Identifying and selecting stakeholders	Responsible Corporate Governance / Stakeholder Involvement and Materiality	9. Stakeholder Engagement	
	102-43	Approach to stakeholder engagement	Responsible Corporate Governance / Stakeholder Involvement and Materiality	9. Stakeholder Engagement	
	102-44	Key topics and concerns raised	Responsible Corporate Governance / Stakeholder Involvement and Materiality	9. Stakeholder Engagement	
	102-45	Entities included in the consolidated financial statements	This information is published in the Federal Gazette (Bundesanzeiger). (Also see: www.maxingvest.de)		

General Disclosures					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 102: General Disclosures 2016	102-46	Defining report content and topic Boundaries	Responsible Corporate Governance / Stakeholder Involvement and Materiality ✓		
	102-47	List of material topics	Responsible Corporate Governance / Stakeholder Involvement and Materiality ✓	2. Materiality	
	102-48	Restatements of information	Figures and Facts / Indicators		
	102-49	Changes in reporting	No changes.		
	102-50	Reporting period	Responsible Corporate Governance / About this report		
	102-51	Date of most recent report	Tchibo Sustainability Report 2014 Tchibo Sustainability Update 2015		
	102-52	Reporting cycle	Responsible Corporate Governance / About this report		
	102-53	Contact point for questions regarding the report	Contact		
	102-54	Claims of reporting in accordance with the GRI Standards	Figures and Facts / GRI Content Index		
	102-55	GRI content index	Figures and Facts / GRI Content Index		
	102-56	External assurance	Responsible Corporate Governance / About this report		

Material Topics: Economic Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Economic Performance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Figures and Facts / Responsible Corporate Governance Indicators www.maxingvest.de	18. Corporate Citizenship	
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Coffee Value Chain / Strategy & Management ✓ Consumer Goods Value Chain / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Economic Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Indirect Economic Impacts					
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Coffee Value Chain / Tchibo Joint Forces!®		
			Coffee Value Chain / Mainstreaming Sustainable Coffee Production		
			Coffee Value Chain / Education Projects in the Countries of Origin		
			Customer Goods Value Chain / Education Projects in the Countries of Origin		
Anti-corruption					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	No incidents were reported or detected during the reporting period.	20. Conduct that Complies with the Law and Policy	Principle 10: Anti-Corruption

Material Topics: Economic Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Anti-competitive Behavior					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No incidents were reported or detected during the reporting period.		

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Materials					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Consumer Goods Value Chain / Strategy & Management Consumer Goods ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components	Customers & Products / Strategy & Management Environmental Protection at Sites and during Transport / Strategy & Management ✓		
	103-3	Evaluation of the management approach			

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Materials					
GRI 301: Materials 2016	301-2	Recycled input materials used	<p>In 2017, Tchibo commissioned the production of a dish brush that consists nearly entirely of recycled, relatively eco-friendly polypropylene (PP), the same plastic used for our Cafissimo capsules.</p> <p>A breakdown of the materials by percentage is not yet possible at this time, but we are working on further developing this approach.</p> <p>Consumer Goods Value Chain / Sustainable resources and products</p> <p>Customers & Products / Promoting sustainable consumption</p>	11. Usage of Natural Resources	Principle 8: Environment
	301-3	Reclaimed products and their packaging materials	<p>In Germany, the return and recycling of packaging is regulated by law. Tchibo complies with this statutory requirement, licenses all packaging it brings into circulation and thus ensures that 100 % of the packaging used can be disposed of by consumers using the Gelbe Säcke (yellow bags), recycling bins or local recycling centres, easily and free of charge.</p> <p>For the disposal of textiles, we have cooperated with the FairWertung e. V. umbrella organization since 2017.</p> <p>Environmental Protection at Sites and during Transport / Recycling</p>		Principle 8: Environment

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Energy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Environmental Protection at Sites and during Transport / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Figures and Facts / Key Indicators, see Environmental Protection at Sites and during Transport	11. Usage of Natural Resources 12. Resource Management	Principle 7: Environment Principle 8: Environment
Biodiversity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Coffee Value Chain / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	For information, please see the websites of the standards organisations Tchibo cooperates with. Rainforest Alliance Cooperation to promote sustainable cultivation methods	11. Usage of Natural Resources	Principle 8: Environment

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Emissions					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Environmental Protection at Sites and during Transport / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Figures and Facts / Key Indicators, see Environmental Protection at Sites and during Transport Environmental Protection at Sites and during Transport / Strategy & Management ✓	13. Climate-Relevant Emissions	Principle 7: Environment Principle 8: Environment
	305-2	Energy indirect (Scope 2) GHG emissions	Figures and Facts / Key Indicators, see Environmental Protection at Sites and during Transport Environmental Protection at Sites and during Transport / Strategy & Management ✓	13. Climate-Relevant Emissions	Principle 7: Environment Principle 8: Environment

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Effluents and Waste					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Environmental Protection at Sites and during Transport / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Figures and Facts / Key Indicators, see Environmental Protection at Sites and during Transport	11. Usage of Natural Resources 12. Resource Management	Principle 8: Environment
	306-3	Significant spills	There were no incidents during the reporting period.		Principle 8: Environment
	306-4	Transport of hazardous waste	Tchibo doesn't transport any hazardous waste.		Principle 8: Environment
Environmental Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Environmental Protection at Sites and during Transport / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	There were no significant breaches of compliance during the reporting period.		Principle 8: Environment

Material Topics: Ecological Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Coffee Value Chain / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components	Consumer Goods Value Chain / Strategy & Management ✓		
	103-3	Evaluation of the management approach			
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	Figures and Facts / Key Indicators: Consumer Goods Value Chain Coffee Value Chain / Strategy & Management Consumer Goods Value Chain / Strategy & Management	4. Depth of the Value Chain	Principle 8: Environment

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Employment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Employment					
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Figures and Facts / Key Indicators, see Employees at Tchibo		Principle 6: Labour
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	In allocating voluntary benefits, Tchibo does not distinguish between full- and part-time, or fixed-term and permanent employment contracts.	15. Equal Opportunities	
	401-3	Parental leave	Figures and Facts / Key Indicators: Employees	15. Equal Opportunities	Principle 6: Labour
Labor/Management Relations					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Employee codetermination at Tchibo has its basis in the law. The most important body is the works council, which maintains an ongoing, mutually trustful exchange with the company's management – including and especially regarding business decisions about the development and future of the company and of jobs. In accordance with legal requirements, information on significant operational changes must be issued in a timely and comprehensive manner, and they must be subject to negotiation.		Principle 3: Labour

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	At Tchibo, 100 % of the workforce is represented on occupational health and safety committees.		
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Figures and Facts / Key Indicators: Employees	14. Employee Rights 15. Equal Opportunities 16. Qualifications	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Figures and Facts / Key Indicators: Employees (Absence rate, workplace accidents, lost days, fatalities) No occupational diseases at Tchibo Health consultation and medical service available as a consulting and service offer (see Employees at Tchibo / Balance)	16. Qualifications	

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Occupational Health and Safety					
GRI 403: Occupational Health and Safety 2016	403-4	Health and safety topics covered in formal agreements with trade unions	Occupational safety is regulated by law in Germany and is implemented by Tchibo in accordance with the requirements. In addition, company agreements and organisational guidelines on occupational safety issues are developed in cooperation with the works council.	14. Employee Rights 15. Equal Opportunities 16. Qualifications	
Training and Education					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action	
	103-2	The management approach and its components		2. Materiality 3. Objectives 6. Rules and Processes	
	103-3	Evaluation of the management approach		7. Control	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Figures and Facts / Key Indicators: Employees	14. Employee Rights 15. Equal Opportunities 16. Qualifications	Principle 6: Labour
	404-2	Programs for upgrading employee skills and transition assistance programs	Employees at Tchibo / Talent Management	16. Qualifications	
	404-3	Percentage of employees receiving regular performance and career development reviews	All Tchibo employees are entitled to an annual career development discussion. During the reporting period, 61 % of all employees completed a voluntary self-assessment, which forms the basis for this joint exploration of development opportunities in the company.		Principle 6: Labour

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Figures and Facts / Key Indicators: Employees	14. Employee Rights 15. Equal Opportunities 16. Qualifications	Principle 6: Labour
	405-2	Ratio of basic salary and remuneration of women to men	Figures and Facts / Key Indicators: Employees	15. Equal Opportunities	
Non-discrimination					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Employees at Tchibo / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	No cases of discrimination within the company became known during the reporting period.	14. Employee Rights 15. Equal Opportunities 16. Qualifications	Principle 6: Labour

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Freedom of Association and Collective Bargaining					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Coffee Value Chain / Strategy & Management Coffee ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components	Consumer Goods Value Chain / Strategy & Management ✓		
	103-3	Evaluation of the management approach			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains Coffee Value Chain / Strategy & Management	17. Human Rights	Principle 3: Labour
Child Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Coffee Value Chain / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components	Consumer Goods Value Chain / Strategy & Management ✓		
	103-3	Evaluation of the management approach			

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure	Reference and Remarks	DNK Criteria	UN Global Compact	
Child Labor					
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	IWith regard to the production of our consumer goods, Item 2 of the SCoC expressly states that Tchibo does not tolerate child labour. All suppliers commit to comply with this requirement when they sign a contract with us. Tchibo uses various instruments to minimise the risk of child labour in the production of consumer goods: we audit factories to check whether there are children working at them. As part of the WE program, WE trainers support the factory management in building reliable management systems that prevent the employment of children. If, in exceptional cases, inadmissible child labour is detected, the children are to be removed from production immediately, placed in schools if they are still subject to compulsory schooling, and unemployed family members employed in their place; or comparable compensatory measures must be taken. Tchibo closely monitors such processes. If the measures are not implemented, the last resort is to terminate the business relationship. For the suppliers and producers of our consumer goods - at the first and second level of our supply chain - child labour is no longer a major problem; Here, the most common form of child labour is the hiring of 15-year-olds in China, who have completed their formal education. Under Chinese law, teens are not allowed to work full-time until the age of 16, which is why these cases are documented as child labour. During the reporting period, there were occasional such incidents, for which we then initiated the process described above.	17. Human Rights	Principle 5: Labour

Material Topics: Social Performance Indicators				
GRI Standard	Disclosure	Reference and Remarks	DNK Criteria	UN Global Compact
Child Labor				
GRI 408: Child Labor 2016	408-1	<p>Operations and suppliers at significant risk for incidents of child labor</p> <p>Consumer Goods Value Chain / Sustainable and Transparent Supply Chains Coffee is mainly cultivated in developing and emerging countries. Despite intensive efforts, child labour is still a problem in these territories. The „light form of child labour“ is tolerated by legislators and international development and standards organizations, depending on the children’s age and taking into account the state of development of the countries concerned. Unfortunately, children are repeatedly used for heavy or dangerous work during the time they should be going to school. The abolition of all forms of child labour can only succeed if parents can send their children to school, and if age-appropriate care for their children is available outside school hours. That is why, since 2011, we have been sponsoring educational projects and childcare options for children in various regions of Guatemala.</p> <p>Coffee Value Chain / Education Projects in the Countries of Origin</p>	17. Human Rights	Principle 5: Labour

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Forced or Compulsory Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Coffee Value Chain / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components	Consumer Goods Value Chain / Strategy & Management ✓		
	103-3	Evaluation of the management approach			
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	With regard to the production of our consumer goods, Item 1 of the SCoC explicitly states that Tchibo does not tolerate forced and compulsory labour. All suppliers commit to comply with this requirement when they sign a contract with us. If we detect cases of forced labour before the contract is awarded, the supplier will not be awarded the contract and is not included in our producer portfolio. Should incidents of forced or compulsory labour become known at existing suppliers, we will work with the management to initiate corrective actions, and take follow-up measures to verify that they have been implemented. If the corrective actions are not implemented, Tchibo will terminate the business relationship. During the period under review, indications for three incidents of forced labour at producers were reported to Tchibo – in Thailand, Malaysia (withholding employee passports) and China (compulsory overtime). We dealt with them according to the procedure described above.	17. Human Rights	Principle 4: Labour

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Consumer Goods Value Chain / Strategy & Management There were no cases of forced or compulsory labour reported in the green coffee supply chains from which Tchibo sources its coffee. Coffee Value Chain / Strategy & Management	17. Human Rights	Principle 4: Labour
Rights of Indigenous Peoples					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Coffee Value Chain / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	No such cases came to our attention.		Principle 1: Human Rights
Human Rights Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components	Consumer Goods Value Chain / Strategy & Management ✓		
	103-3	Evaluation of the management approach			

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
GRI 412: Human Rights Assessment 2016	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Responsible Corporate Governance / Compliance Responsible Corporate Governance / Risk Management Consumer Goods Value Chain / Strategy & Management Integrated in the SCoC (which is signed by 100 % of our Consumer Goods suppliers)	17. Human Rights	Principle 2: Human Rights
Local Communities					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Coffee Value Chain / Strategy & Management ✓ Consumer Goods Value Chain / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Coffee Value Chain / Tchibo Joint Forces!® Coffee Value Chain / Education Projects in the Countries of Origin Consumer Goods Value Chain / Education Projects in the Countries of Origin Consumer Goods Value Chain / Sustainable and Transparent Supply Chains	18. Corporate Citizenship	Principle 1: Human Rights

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Supplier Social Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Coffee Value Chain / Strategy & Management Coffee ✓ Consumer Goods Value Chain / Strategy & Management ✓	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains Before we award orders to new suppliers, they are subjected to an advance evaluation as part of a production site audit. No orders are placed without an audit.	17. Human Rights	Principle 2: Human Rights
	414-2	Negative social impacts in the supply chain and actions taken	Figures and Facts / Key Indicators, see Consumer Goods Value Chain Coffee Value Chain / Strategy & Management Consumer Goods Value Chain / Strategy & Management	17. Human Rights	Principle 2: Human Rights
Public Policy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Public Policy					
GRI 415: Public Policy 2016	415-1	Political contributions	No financial contributions or in-kind contributions were made to political parties or similar institutions during the reporting period.	19. Political Influence	Principle 10: Anti-Corruption
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Customers & Products / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such incidents occurred at Tchibo during the reporting period.		
Marketing and Labeling					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Customers & Products / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Marketing and Labeling					
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Statutory requirements regarding our products (Coffee/ Consumer Goods) can be found under www.tchibo.com/qualität .		
	417-2	Incidents of non-compliance concerning product and service information and labeling	No such incidents occurred at Tchibo during the reporting period.		
	417-3	Incidents of non-compliance concerning marketing communications	No such incidents occurred at Tchibo during the reporting period.		
Customer Privacy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Customers & Products / Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the reporting period, we received 17 privacy-related complaints. The facts were fully clarified. If their cause was justified procedural, these were improved. We did not detect any data leakage, data theft or other data loss.		

Material Topics: Social Performance Indicators					
GRI Standard	Disclosure		Reference and Remarks	DNK Criteria	UN Global Compact
Socioeconomic Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Responsible Corporate Governance / Aspiration, Strategy & Management	1. Strategic Analysis and Action 2. Materiality 3. Objectives 6. Rules and Processes 7. Control	
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	During the reporting period, no appreciable penalties or fines were levied.	20. Conduct that Complies with the Law and Policy	

Supplementary indicators for the food processing industry	
Indicator	Links and Comments
FP1 Percentage of purchasing volume purchased from suppliers in accordance with our Purchasing Guidelines	Coffee Value Chain / Sustainable Development Figures and Facts / Indicators, see percentage of sustainable coffee
FP2 Percentage of purchasing volume that verifiably complies with reputable, internationally accredited norms for sustainable production, by norm	Coffee Value Chain / Sustainable Development Figures and Facts / Indicators, see percentage of sustainable coffee
FP3 Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country	During the reporting period, there were no strikes at Tchibo.

Supplementary indicators for the food processing industry	
Indikator	Verweis und Kommentar
FP4 Type, scope and effectiveness of all programmes and methods (in-kind donations, volunteering, knowledge transfer, mentorships and product development) to promote access to a healthier way of life, prevent chronic diseases, promote access to healthy, nutritious and affordable food, and increase the prosperity of people in need	<p>Employees at Tchibo / Occupational health management</p> <p>Coffee Value Chain / Strategy and Management</p> <p>Coffee Value Chain / Education projects in the countries of origin</p> <p>Consumer Goods Value Chain / Strategy and Management</p> <p>Consumer Goods Value Chain / Education projects in the countries of origin</p> <p>Employees at Tchibo / Corporate Citizenship</p>
FP5 Percentage of the production volume produced at sites certified by an independent institution according to internationally accredited standards for food safety management systems	Consumer & Products / Quality and Security
FP6 Percentage of total revenues from consumer goods with reduced content of saturated fats, hydrogenated fats, sodium and added sugar, by product category	In more than half of the Tchibo Shops with Coffee Bar in Germany, we use low-fat milk (1.5 percent) to prepare the coffee specialities upon the customer's request.
FP7 Percentage of total revenues from consumer goods with extra fibre, vitamins, minerals, phytochemicals and functional nutritional supplements	Tchibo had negligible sales of diet products, nutritional supplements and the like in 2016.
FP8 Guidelines and methods to provide consumers with information about ingredients and nutritional value beyond the statutory requirements	We comply with all statutory information obligations with regard to ingredients. Beyond this, upon request our Shop staff will provide customers with information about the ingredients and nutritional details of the beverages and baked goods we serve.
FP9 Percentage and total number of livestock bred and/or processed, by species and breed	Tchibo does not produce and sell any meat and/or fish products. Accordingly, this indicator is not relevant for us.
FP10 Guidelines and methods regarding physical changes and the use of anaesthetics, by species and breed	See answer FP9
FP11 Percentage and total number of livestock bred and/or processed, by species and breed, by farming method	See answer FP9
FP12 Guidelines and methods regarding treatment with antibiotics, anti-inflammatories and hormones and/or growth-enhancing measures, by species and breed	Apart from noting that the legal requirements have been met, we can make no statement about the feed and/or veterinary medications used at our suppliers' production plants.
FP13 Total number of the incidents of non-compliance with laws and regulations; Compliance with voluntary codes regarding transport, transshipment and slaughter of live terrestrial and aquatic species	See answer FP9

Supplementary Indicators for the textiles, apparel and footwear industry	
Indicator	Links and Comments
AF1 Code of Conduct - Code of conduct content and coverage.	<p>Consumer Goods Value Chain / Sustainable and Transparent Supply Chains</p> <p>Consumer Goods Value Chain / Social aspects of production</p> <p>Social and Environmental Code of Conduct (SCoC) The SCoC is a binding part of the contract in any and every supplier relationship. Tchibo's business partners, their producers and subcontractors are to have this Code on display in all relevant work departments, freely accessible to and for the information of all employees.</p>
AF2 Audit Process - Parties and personnel engaged in code of conduct compliance function.	<p>Figures and Facts / Indicators, see 'Internal and external audits'</p> <p>Consumer Goods Value Chain / Sustainable and Transparent Supply Chains</p> <p>Consumer Goods Value Chain / Social aspects of production</p>
AF3 Audit Process - Compliance audit process.	<p>Consumer Goods Value Chain / Sustainable and Transparent Supply Chains</p> <p>Consumer Goods Value Chain / Social aspects of production</p> <p>Producers who are not integrated in our supplier WE qualification programme are screened every three years in a social and environmental audit. In the case of defined zero-tolerance violations, corrective action must be taken within four weeks. Other violations must be remedied within five months.</p>

Supplementary Indicators for the textiles, apparel and footwear industry	
Indicator	Links and Comments
AF4 Grievance Procedures - Policy and procedures for receiving, investigating, and responding to grievances and complaints.	If a rule violation remains undetected, the employees in the companies also have the option of contacting Tchibo directly. They can anonymously report shortcomings or discrimination via email. There is also the option of talking to the WE trainers or voicing their concerns to a non-governmental organization. We realise that the employee needs a lot of courage and prior knowledge – e.g. about their rights and/or the communication channels – to contact Tchibo directly. In 2016, Tchibo received three complaints about producers in the Consumer Goods value chain (China, Pakistan and Turkey).
AF5 Capacity Building - Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains
AF6 Business Integration - Policies for supplier selection, management, and termination.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains Consumer Goods Value Chain / Social aspects of production
AF7 Code of Conduct - Number and location of workplaces covered by code of conduct.	Figures and Facts, Indicators, see Producers
AF8 Audit Process - Number of audits conducted and percentage of workplaces audited.	Figures and Facts, Indicators, see Social and environmental audits by type of audit
AF9 Non-compliance findings - Incidents of non-compliance with legal requirements or collective bargaining agreements on wages.	Audits represent a snapshot and often only reveal very visible violations. They therefore provide an incomplete picture. The various types of violations are often interconnected in terms of their substance, so we do not specify infringements by 'type'. Instead, our WE approach pursues a holistic, integrative improvement of social standards at the factories.
AF10 Non-compliance findings - Incidents of non-compliance with overtime standards.	See answer AF9
AF11 Non-compliance findings - Incidents of non-compliance with standards on pregnancy and maternity rights.	See answer AF9
AF12 Non-compliance findings - Incidents of the use of child labour.	See answer AF9
AF13 Non-compliance findings - Incidents of non-compliance with standards on gender discrimination.	See answer AF9
AF14 Non-compliance findings - Incidents of non-compliance with code of conduct.	Figures and Facts, Indicators, see Social and environmental audits by results

Supplementary Indicators for the textiles, apparel and footwear industry	
Indicator	Links and Comments
AF15 Non-compliance findings - Analysis of data from code compliance audits.	Consumer Goods Value Chain / Strategy and Management
AF16 Remediation - Remediation practices to address non-compliance findings.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains Consumer Goods Value Chain / Social aspects of production
AF17 Business Integration - Actions to identify and mitigate business practices that affect code compliance.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains
AF19 Materials - Practices to source safer alternative substances to those on the restricted substances list, including description of associated mgmt. systems.	Consumer Goods Value Chain / Ecological aspects of production
AF20 Materials - List of environmentally preferable materials used in apparel and footwear products.	Consumer Goods Value Chain / Sustainable resources and products
AF21 Energy - Amount of energy consumed and percentage of the energy that is from renewable sources.	Figures and Facts / Indicators, see 'Electricity obtained from renewable sources'
AF22 Employment - Policy and practices regarding the use of employees with non-permanent and non-fulltime status.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains The Tchibo SCoC makes no distinction between permanent, temporary and part-time employees.
AF23 Employment - Policy regarding the use of home working.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains The Tchibo SCoC makes no distinction between homeworkers and other workers. Homeworkers can be integrated into the WE programme as needed, as is the case, for example, at a supplier in Vietnam.
AF24 Employment - Policy on the use and selection of labour brokers, including adherence to relevant ILO Conventions.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains UN Global Compact
AF25 Wages and hours - Policy and practices on wage deductions that are not mandated by law.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains Consumer Goods Value Chain / Social aspects of production Wage deductions are prohibited as per our SCoC. If and when we encounter them during audits or as part of our WE programme, we demand their remediation.

Supplementary Indicators for the textiles, apparel and footwear industry	
Indicator	Links and Comments
AF26 Wages and hours - Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains We mainly address the issue of unreasonable overtime with our WE programme, as audits alone do not bring improvements. One WE workshop deals specifically with the points of working hours, wages, productivity and overtime. In our SCoC the subject working hours is regulated in Item 7.
AF27 Diversity and Equal Opportunity - Policy and actions to protect the pregnancy and maternity rights of women workers.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains Item 4 in our SCoC draws attention to the particular vulnerability of pregnant employees.
AF28 Employment - Percentage of foreign migrant workers as a portion of total workforce, broken down by region.	This indicator is currently not surveyed due to its negligible relevance. However, given the refugee problem in several parts of the world, we are considering surveying it in future.
AF29 Labour/Management Relations - Percentage of workplaces where there is one or more independent trade union(s), broken down by: - Workplaces with a collective bargaining agreement - Workplaces without a collective bargaining agreement Also provide information broken down by country.	Consumer Goods Value Chain / Responsible business practices This information has not been systematically surveyed to date; a survey of the producers integrated in the WE programme is planned for 2017/18.
AF30 Labour/Management Relations - Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by country.	The establishment of management-labour committees is part of the WE programme; a quantitative evaluation is planned for 2017/18
AF31 Occupational Health and Safety - Initiatives and programmes to respond to, reduce, and prevent the occurrence of musculoskeletal disorders.	Compared to other occupational health and safety issues such as silicosis or fire protection, risk analysis showed that musculoskeletal disorders are a relatively low priority issue in the supply chain. We therefore have no programmes to address this issue.
AF32 Diversity and Equal Opportunity - Actions to address gender discrimination and to provide opportunities for the advancement of women workers.	Consumer Goods Value Chain / Sustainable and Transparent Supply Chains We primarily address the issue of discrimination as part of a WE workshop. The issue is regulated in Item 3 of our SCoC.
AF33 Community Investment - Priorities in community investment strategy.	Consumer Goods Value Chain / Sustainable resources and products Consumer Goods Value Chain / Education projects in the countries of origin
AF34 Community Investment - Amount of investment in worker communities broken down by location.	Our community investment in the Consumer Goods value chain is concentrated on cotton production.

► UN Global Compact

UN Global Compact Communication on Progress (CoP) 2016

Tchibo joined the United Nations Global Compact (UNGC) on 18 November 2009, and thus expressly commits to the ten UNGC principles concerning human rights, labour standards, environmental protection and anti-corruption, and their implementation in its business processes. We advocate a credible and sustainable corporate policy. Our CEO Thomas Linemayr confirms this stance in his foreword to Tchibo GmbH's Sustainability Report 2016.

The United Nations Global Compact is an international strategic initiative that has united business, politics, workers' organizations and civil society since its establishment in 2000. If companies commit to aligning their business activities and strategies to ten universally accepted principles in the areas of human rights, labour standards, environmental protection and anti-corruption, the public sector can help to ensure that the development of markets and trade relationships, of technology and finance benefits all economic regions and societies in the course of globalization.

The ten principles are based on:

- The Universal Declaration of Human Rights
- The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention on Corruption.

2012 marks the first time that Tchibo is reporting to meet the UNGC Advanced Level, meaning we now go beyond the minimum requirements and provide information on how we comply with the best practices outlined in the 21 'GC Advanced' criteria. The Communication on Progress is based on the Tchibo Sustainability Report 2014, the Tchibo Sustainability Update 2015, and the Tchibo Sustainability Report 2016. The following table shows our policies and systems, as well as the measures taken and the progress made.



Strategy, governance and engagement		
<p>Criterion 1 Mainstreaming into corporate functions and business units</p>	<p>Policies, systems, measures, and advances</p> <ul style="list-style-type: none"> Responsible corporate governance has been integrated in the business strategy since 2006 2011 formulation of the key strategic objective: 'Tchibo on its way towards a 100 % sustainable business' Integrated system of goals comprises key objectives and sub-goals for all fields of action Corporate Responsibility department: Coordination with the departments, review of targets/goals and annual reporting to the CEO and the full board Integrated risk management addresses company risks Sustainably advance the development of the coffee sector through cooperation with all internationally accredited standards organisations, partners and via our own programmes (Tchibo Joint Forces!®). In 2016, we began measuring the effectiveness of Tchibo Joint Forces!® to determine what measures best help the farmers Systemic and structural challenges are effectively addressed in conjunction with other protagonists. Tchibo has been a member of the Global Coffee Platform since 2015 and sits on its steering committee. Signing of a memorandum of understanding with the umbrella trade union IndustriALL to improve salary setting processes in Cambodia and Bangladesh. 2016 participated in founding the Global Coffee Platform (GCP) Tchibo Social and Environmental Code of Conduct (SCoC) applies to all consumer goods suppliers and partners To guard against supply chain risks, social and environmental requirements are integrated in the purchasing processes Qualification of consumer goods producers as part of our WE programme (Worldwide Enhancement of Social Quality) Compliance with the SCoC in the Consumer Goods value chain is reviewed as part of our supplier monitoring 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy and Management</p> <p>Coffee Value Chain / Sustainable Development</p> <p>Consumer Goods Value Chain / Sustainable Development</p> <p>Consumer Goods Value Chain / Sustainable Development</p> <p>Figures and Facts/ Commitments and Memberships</p>
<p>Criterion 2 Value chain implementation</p>		

Human rights		
<p>Principle 1: Support and respect internationally proclaimed human rights</p> <p>Principle 2: No participation in human rights abuses</p>		
<p>Criterion 3 Robust commitments, strategies or policies in the area of human rights</p> <p>Criterion 4 Effective management systems to integrate the human rights principles</p> <p>Criterion 5 Effective monitoring and evaluation systems of human rights integration</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Code of Conduct (CoC) for Tchibo employees and SCoC for consumer goods suppliers and partners are based on the principles of the International Labour Organisation (ILO) • Regular Code of Conduct training for all Tchibo employees • All suppliers receive the Code of Conduct as part of the contract • Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, Group audit, other audits, and the projects and programmes carried out by Tchibo and its partners • Establishment and expansion of socially compatible coffee cultivation through own programmes, continued and intensified collaboration with all internationally accredited standards organisations, and involvement in initiatives at regional and national level • The framework for socially responsible conduct in the Consumer Goods supply chain is formed by the United Nations Guiding Principles on Business and human rights, as well as the principles of sustainable development based on the 1992 Rio Declaration • As part of our WE programme we support strategic producers in complying with fundamental human rights • The observance of fundamental human rights by our producers is reviewed as part of our supplier monitoring • Joint engagement with employers, unions, policymakers and other trading companies in initiatives that advocate for an industry-wide improvement in the situation of factory workers 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy and Management</p> <p>Coffee Value Chain / Sustainable Development</p> <p>Coffee Value Chain / Education projects in the source countries</p> <p>Consumer Goods Value Chain / Sustainable Resources and Products</p> <p>Consumer Goods Value Chain / Sustainable and transparent Supply Chains</p> <p>Consumer Goods Value Chain / Global Obstacles: Initiatives for the Development of System Solutions</p>

Labour		
<p>Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4: Eliminate all forms of forced and compulsory labour</p> <p>Principle 5: Eliminate child labour</p> <p>Principle 6: No discrimination in respect of employment and occupation</p>		
<p>Criterion 6 Robust commitments, strategies or policies in the area of labour</p> <p>Criterion 7 Effective management systems to integrate the labour principles</p> <p>Criterion 8 Monitoring and evaluation mechanisms for labour principles integration</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Our Code of Conduct (CoC), based on the principles of the International Labour Organisation (ILO), defines the values and mandatory behaviour for the company as a whole as well as for each individual employee and formulates our understanding of fairness, ethical business, culture of diversity, and equal opportunities • Regular Code of Conduct training for all Tchibo employees • Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, group audit, other audits, and the projects and programmes carried out by Tchibo and its partners • No cases of discrimination during the reporting period • We give our employees the opportunity to actively shape Tchibo's development via the statutory codetermination bodies (works council and the Supervisory Board) • In Guatemala, creation of alternatives to prevent impermissible child labour by providing education and care to children of migrant workers and harvest workers • The social requirements are based on the core labour standards of the International Labour Organisation (ILO) and the UN Universal Declaration of Human Rights, and refer to the „Base Code“ of the Ethical Trading Initiative (ETI) and the SA8000 standard. The SCoC is mandatory for all our suppliers and business partners. In 2016, we revised and amended the SCoC, taking into consideration our increased environmental requirements and various voluntary commitments. • As part of our WE programme, we support strategic producers in achieving the observance of human rights and the lasting improvement of social and environmental conditions at the production sites 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy and Management</p> <p>Coffee Value Chain / Education projects in the source countries</p> <p>Consumer Goods Value Chain / Sustainable Resources and Products</p> <p>Consumer Goods Value Chain / Sustainable and transparent Supply Chains</p> <p>Consumer Goods Value Chain / Global Obstacles: Initiatives for the Development of System Solutions</p> <p>Employees at Tchibo / Company Culture and Values</p>

Labour		
<p>Criterion 6 Robust commitments, strategies or policies in the area of labour</p>	<ul style="list-style-type: none"> • Compliance with social and environmental standards will be reviewed in the course of our supplier-monitoring • In 2016, Tchibo became the first German trading company to sign an international framework agreement with the global umbrella trade union IndustriALL Global Union. In its ACT initiative, we also work in concert with the umbrella union and other international trading companies to ensure living wages and industry-wide collective bargaining between equal social partners in the global apparel industry. • Tchibo has been a member of the Alliance for Sustainable Textiles since 2014 • Syrian refugees in the Turkish textile industry: SCoC applies for suppliers in Turkey as well – child labour, discrimination and sub-living wages are prohibited; contracts must be translated into Arabic. 	<p>Links Responsible Corporate Governance / Aspiration, Strategy and Management</p> <p>Coffee Value Chain / Education projects in the source countries</p> <p>Consumer Goods Value Chain / Sustainable Resources and Products</p> <p>Consumer Goods Value Chain / Sustainable and transparent Supply Chains</p> <p>Consumer Goods Value Chain / Global Obstacles: Initiatives for the Development of System Solutions</p> <p>Employees at Tchibo / Company Culture and Values</p>
<p>Criterion 7 Effective management systems to integrate the labour principles</p>		
<p>Criterion 8 Monitoring and evaluation mechanisms for labour principles integration</p>		

Environmental protection

Principle 7: Support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

Criterion 9	Policies, systems and measures	Links
<p>Robust commitments, strategies or policies in the area of environmental stewardship</p>	<ul style="list-style-type: none"> • Environmental experts, coordinated by the Directorate Corporate Responsibility, manage implementation in the departments • Environmental guidelines were added in 2010 to our CoC • We continuously reduce our CO₂ emissions caused by transportation with the “LOTOS” (“Logistics Towards Sustainability”) programme • Supply of energy for all German Tchibo sites with ok-power-certified electricity from renewable sources only • At our roasting plants we operate an energy management system in accordance with ISO 50001. In 2016, the energy management system was successfully recertified in accordance with ISO 50001. • As part of our company-wide fleet strategy, we set annually reduced CO₂ emission limits for newly purchased vehicles. Tchibo received its fifth consecutive „Green Card for credible environmental awareness“ from the Deutsche Umwelthilfe (DUH), a German environmental organisation. • Our Packaging Strategy, developed in early 2015, sums up measures to reduce packaging-related paper and cardboard consumption • Grievances in connection with environmental protection can be reported via the whistleblowing hotline, works council, legal department, group audit, other audits, and the projects and programmes carried out by Tchibo and its partners • In cooperation with initiatives such as Coffee & Climate we help farmers to adapt to the repercussions of climate change 	<p>Responsible Corporate Governance / Aspiration, Strategy and Management</p> <p>Consumer Goods Value Chain / Sustainable Resources and Products</p> <p>Environmental Protection / Climate Protection / Resource efficiency</p> <p>Coffee Value Chain / Cooperations to foster sustainable forms of cultivation</p> <p>Consumer Goods Value Chain / Sustainable Resources and Products</p> <p>Consumer Goods Value Chain / Sustainable and transparent Supply Chains</p> <p>Figures and Facts/ Commitments and Memberships</p>
<p>Criterion 10 Effective management systems to integrate the environmental principles</p>		
<p>Criterion 11 Effective monitoring and evaluation mechanisms for environmental stewardship</p>		

Environmental protection		
<p>Criterion 9 Robust commitments, strategies or policies in the area of environmental stewardship</p> <p>Criterion 10 Effective management systems to integrate the environmental principles</p> <p>Criterion 11 Effective monitoring and evaluation mechanisms for environmental stewardship</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • The Tchibo Social and Environmental Code of Conduct (SCoC) defines mandatory environmental requirements that apply to the production of our entire consumer goods assortment • Since 2014 targeted audits of factories are conducted to ensure compliance with standards • As part of our WE programme, we support producers in reducing CO₂ emissions • Tchibo has been a member of the cross-industry initiative Biodiversity in Good Company since 2012 • In 2014 we signed the ambitious Detox Commitment with the aim to exclude hazardous chemicals from the textile supply chain by 2020 • In Germany, no more free plastic bags have been given out since January 2016. To further reduce plastic waste, we give out disposable cups only on express request, and participate in initiatives for the systematic establishment of reusable cups. 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy and Management</p> <p>Consumer Goods Value Chain / Sustainable Resources and Products</p> <p>Environmental Protection / Climate Protection / Resource efficiency</p> <p>Coffee Value Chain / Cooperations to foster sustainable forms of cultivation</p> <p>Consumer Goods Value Chain / Sustainable Resources and Products</p> <p>Consumer Goods Value Chain / Sustainable and transparent Supply Chains</p> <p>Figures and Facts/ Commitments and Memberships</p>

Anti-corruption

Principle 10: Work against corruption in all its forms, including extortion and bribery.**Criterion 12**

Robust commitments, strategies or policies in the area of anti-corruption

Criterion 13

Effective management systems to integrate the anti-corruption principle

Criterion 14

Effective monitoring and evaluation systems for the integration of anti-corruption

Policies, systems and measures

- CoC includes a clear prohibition of corruption and granting or accepting advantages
- The Tchibo Compliance Programme is comprised of various policies that regulate cross-sector and cross-company processes via procedural and organisational instructions
- Our managers are regularly trained in the application of our Code of Conduct and are obliged to explain the Code of Conduct to their employees
- Anti-corruption training is continuously conducted for employees in relevant departments, such as Procurement and Sales
- As part of risk assessment by maxingvest ag's group auditing department, all business units are continually reviewed for risk of corruption
- Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, group audit, other audits, and the projects and programmes carried out by Tchibo and its partners
- Any reports are forwarded to the Ombudsmen Council under strict confidentiality
- In 2014 no incidents were reported or uncovered in connection with corruption

Links

Responsible Corporate Governance / Aspiration, Strategy and Management

Broader UN goals and issues		
<p>Criterion 15 Core business contributions to UN goals and issues</p> <p>Criterion 16 Strategic social investments and philanthropy</p> <p>Criterion 17 Advocacy and public policy engagement</p> <p>Criterion 18 Partnerships and collective action</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Tchibo joined the UN Global Compact on November 18th, 2009 • To promote sustainable, yield-increasing farming practices, we work with coffee farmers and standards organisations • Tchibo works with the world's largest children's rights organisation Save the Children on educational projects to help ensure better living conditions for coffee farmers and their families • The share of validated and certified green coffee was 36.3 % in 2016 • We approach cross-sector collaboration with relevant stakeholders to address and solve structural challenges • Gradual transition to responsibly-sourced resources and materials for our consumer goods. Maintained the proportion of textiles made from and with organic cotton at around 80 %. Offer of GOTS-certified textiles since 2015. • Established separate sponsorship for sustainable cotton projects: Appachi Eco-Logic project in South India • We work with the Aid by Trade Foundation to promote sustainable cotton farming in sub-Saharan Africa and we support the children of African cotton farmers with educational and career-oriented projects • Commitment to refugee aid under the umbrella of the "Wir zusammen – Integrations-Initiative" (We Together - Integration Initiative) platform through cooperations and corporate volunteering, employment, and needs-based in-kind donations. 	<p>Links</p> <p>Responsible Corporate Governance / Aspiration, Strategy and Management</p> <p>Coffee Value Chain / Strategy & Management</p> <p>Coffee Value Chain / Education projects in the source countries</p> <p>Consumer Goods Value Chain / Sustainable Quality of Coffee</p> <p>Responsible Corporate Governance / Stakeholder-Participation and Materiality</p> <p>Consumer Goods Value Chain / Sustainable resources and products</p> <p>Employees at Tchibo / Social Engagement</p>

Corporate sustainability governance and leadership		
<p>Criterion 19 CEO commitment and leadership</p> <p>Criterion 20 Board adoption and supervision</p> <p>Criterion 21 Stakeholder engagement</p>	<p>Policies, systems and measures</p> <ul style="list-style-type: none"> • Confirmation of the commitment to sustainable business conduct and to the UN Global Compact by Tchibo GmbH CEO Thomas Linemayr in the foreword to the Sustainability Report 2016 • Key strategic objective: 'Tchibo on its way towards a 100 % sustainable business' • Integrated system of goals comprises key objectives and sub-goals for all fields of action • The management of Tchibo GmbH regularly and promptly informs the Supervisory Board of all matters relevant to the development of the company, its value, and its risk situation • The company's strategic direction is coordinated with the Supervisory Board • The Directorate of Corporate Responsibility coordinates company-wide and department-specific stakeholder management • To cope with structural challenges in our value chains, we cooperate with partners in the public and private sectors, in science and academe, and in civil society • Employees can report misconduct and breaches via the whistleblowing hotline, works council, legal department, group audit, other audits, and the projects and programmes carried out by Tchibo and its partners • Alignment of our business activity to economic, ecological and social criteria by involving our stakeholders. In 2016, we again conducted extensive, targeted stakeholder dialogues and stakeholder surveys, which will feed into the further development of our focus topics. 	<p>Links</p> <p>Foreword Thomas Linnemayr</p> <p>Responsible Corporate Governance / Aspiration, Strategy and Management</p> <p>Consumer Goods Value Chain / Strategy and Management</p>

Declaration of Conformity to the Sustainability Code

The German Sustainability Code (DNK) was adopted in 2011 by the German Council for Sustainable Development (RNE). The DNK seeks to make the sustainability performance of companies more stringently transparent and comparable. For this purpose, the companies can submit a Declaration of Conformity, which is published in the database of the DNK.

Tchibo supports the German Sustainability Code and has prepared a declaration of conformity to this effect.

Voluntary commitments and memberships

Joining forces to facilitate social, ecological and economic progress

Sustainable development on a global scale requires the action of many protagonists along the value chains and beyond. We want to make a significant contribution to this. Our willingness to take responsibility is documented in ambitious voluntary commitments. We participate in initiatives that support us on the way to becoming a 100 % sustainable business, and cooperate on specific projects with partners from business, politics, science and academe, and civil society.

Voluntary commitments

Logo	Organisation and purpose	Year of signing
 <p>on Fire and Building Safety in Bangladesh</p>	<p>Accord on Fire and Building Safety in Bangladesh</p> <p>The aim of the Accord is to ensure higher safety standards for employees in the country's textile factories in cooperation with workers' representatives, NGOs and other stakeholders.</p>	<p>2012</p> <p>Voluntary commitment</p> <p>Member of the Advisory Board</p>
 <p>Mitglied im Bündnis für nachhaltige Textilien Sozial und ökologisch – wir sind auf dem Weg</p>	<p>Partnership for Sustainable Textiles</p> <p>Umbrella organisations of trade and industry as well as leading companies in the textile industry are working together with the German federal government and representatives of civil society to draft a joint action plan to promote the implementation of environmental and social standards at all stages of the textile supply chain.</p>	<p>2015</p> <p>Voluntary commitment</p> <p>Member</p>

Logo	Organisation and purpose	Year of signing
	<p>United Nations Global Compact (UNGC)</p> <p>The UNGC works with businesses worldwide to create a sustainable and integrated global economy that provides all peoples, communities and markets with lasting benefits. For this purpose, the UNGC has formulated ten universal principles on human rights, labour standards, environmental protection and the fight against corruption. Its aim is to anchor them in business conduct worldwide and to support the United Nations' broader goals.</p>	<p>2009</p> <p>Voluntary commitment</p> <p>Member</p> <p>Tchibo is committed to the ten principles of the UNGC and has published Communications on Progress since it joined. From 2012 onwards, the annual Communication on Progress has been carried out in accordance with the more demanding "GC Advanced" criteria.</p>
	<p>Detox</p> <p>The environmental organisation Greenpeace launched its DETOX campaign in 2011 to draw attention to the use of hazardous chemicals in textile production. The aim of the DETOX commitment is to prevent their use in all textile production processes by 2020.</p>	<p>2014</p> <p>Voluntary commitment</p>
	<p>Fur Free Retailer Program</p> <p>The Fur Free Retailer Program is an international initiative with the aim of informing consumers about retailers' fur policies. The programme seeks to raise awareness of ethical consumption. It lists retailers who have pledged not to include any fur products in their ranges.</p>	<p>2013</p> <p>Voluntary commitment</p> <p>Member</p> <p>Tchibo has been a fur-free retailer since 2006 and by signing the Fur Free Policy has committed to not carry any fur in its product ranges in future.</p>

Memberships and Cooperation Partners

Logo	Organisation and purpose	Year of joining / Start of the partnership
 <p>Außenhandelsvereinigung des Deutschen Einzelhandels e.V.</p>	<p>Außenhandelsvereinigung des Deutschen Einzelhandels e.V. (Foreign Trade Association of German Retail Trade - AVE)/ Foreign Trade Association (FTA)</p> <p>The AVE represents the interests of direct-import retailers in Germany and Europe in particular. The FTA is the corresponding European umbrella organisation.</p>	<p>2009</p> <p>Member</p>
	<p>berufundfamilie gGmbH</p> <p>The initiative of the charitable Hertie Foundation is committed to family-friendly company personnel policies.</p>	<p>2010/2013/2016</p> <p>Certified</p>
	<p>Bundesverband E-Commerce und Versandhandel Deutschland e.V. (German E-Commerce and Distance Selling Trade Association - bevh)</p> <p>The trade association represents the interests of its members (online and mail order companies) vis-à-vis legal and institutional bodies. It also provides updates on the latest developments and trends and promotes a mutual exchange of experience.</p>	<p>1971</p> <p>Member</p>
 <p>BUSINESS AND BIODIVERSITY INITIATIVE</p>	<p>Biodiversity in Good Company</p> <p>The initiative is an alliance of companies that jointly advocate the protection of biodiversity – in the interests of business and society</p>	<p>2012</p> <p>Member</p>
	<p>Bündnis für Verbraucherbildung (Alliance for Consumer Education)</p> <p>The Alliance is a coalition of stakeholders from civil society, business, politics and science initiated and managed by the German Foundation for Consumer Protection (DSV). It was founded to jointly promote consumer and life skills in children, adolescents and adults.</p>	<p>2013</p> <p>Member</p> <p>Tchibo is a member of the Alliance's council and supports its school projects to build consumer awareness.</p>
	<p>Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e.V. (B.A.U.M.)</p> <p>The non-partisan environmental initiative aims to sensitise companies, institutions, politicians and the public to the problems and opportunities of environmental protection, and issues in sustainable development.</p>	<p>2008</p> <p>Member</p>

Logo	Organisation and purpose	Year of joining / Start of the partnership
	<p>Carbon Performance Improvement Initiative (CPI₂)</p> <p>The initiative, supported by the German Federal Environment Agency (UBA) and German Investment and Development Company (DEG), is committed to building a global environmental protection network of manufacturers and brand companies. The aim is to cut several million tonnes of CO₂ emissions per year.</p>	<p>2011</p> <p>Member</p> <p>Tchibo is a founding member and active in the initiative's advisory council.</p>
	<p>Clean Cargo Working Group</p> <p>The Clean Cargo Working Group (CCWG) is a business-to-business leadership initiative involving major brands, cargo carriers, and freight forwarders dedicated to reducing the environmental impacts of global goods transportation and promoting responsible shipping. Today, CCWG tools represent the industry standard for measuring and reporting ocean carriers' environmental performance on carbon dioxide emissions.</p>	<p>2012</p> <p>Member</p>
	<p>Coffee & Climate</p> <p>The development partnership founded by international coffee companies, a green coffee trader and The German Society for International Cooperation (GIZ) is concerned with the adaptation of coffee cultivation to changing climatic conditions. It provides local protagonists with tools and knowledge to identify the risks that climate change poses to coffee cultivation and help to communicate suitable adaptation methods.</p>	<p>2010</p> <p>Member</p> <p>Tchibo is a founding member and sits on the Steering Committee.</p>
	<p>Cotton made in Africa" (CmiA) of the Aid by Trade Foundation</p> <p>The Aid by Trade Foundation works with various partners from business, government, science and civil society to contribute to the alleviation of poverty and environmental protection in developing countries, especially in Africa. The Foundation's CmiA initiative aims to promote an environmentally and socially more responsible and economically sustainable cultivation of cotton in Africa – and thereby improve the living conditions of smallholder farmers and their families.</p>	<p>2007</p> <p>Partner</p> <p>Tchibo is a partner and council member. We support CmiA as a buyer of CmiA cotton and as a partner in educational projects.</p>

Logo	Organisation and purpose	Year of joining / Start of the partnership
	<p>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (German Society for International Cooperation)</p> <p>In addition to supporting the German federal government in achieving its sustainable development goals in international cooperation, the GIZ is also active in international education work.</p>	<p>2008</p> <p>Partner</p> <p>Collaboration on various projects, e.g. the WE (Worldwide Enhancement of Social Quality) [supplier] qualification programme.</p>
	<p>Global Coffee Platform</p> <p>Established in 2015, the Global Coffee unites all key protagonists with the aim of developing a sustainable coffee sector. More than 300 organisations have agreed to work together towards this goal.</p>	<p>2016</p> <p>Member</p>
	<p>Deutscher Kaffeeverband e.V. (German Coffee Association)</p> <p>The Deutsche Kaffeeverband e.V. is the German coffee industry's general lobby. It facilitates networking and an exchange of ideas among German coffee industry experts.</p>	<p>1951</p> <p>Member</p>
	<p>Ethical Trading Initiative (ETI)</p> <p>The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe.</p>	<p>2010</p> <p>Member</p> <p>Tchibo is involved in working groups, for example, fire protection and building safety in Bangladesh, as well as freedom of association (unionisation).</p>
	<p>Fairtrade</p> <p>Fairtrade standards ensure the payment of minimum prices and empower coffee farmers to sustainably improve their living and working conditions. The independent Fairtrade label gives consumers the assurance that the labelled products meet international standards for fair trade.</p>	<p>2008</p> <p>Licence holder</p> <p>Tchibo is a member of the Fairtrade Product Advisory Council on Coffee.</p>

Logo	Organisation and purpose	Year of joining / Start of the partnership
 <p>Das Zeichen für verantwortungsvolle Waldwirtschaft</p>	<p>Forest Stewardship Council® (FSC®) The non-profit organisation issues an accredited label for wood and paper products sourced from responsible forestry. Independent institutes check every company along the supply chain for compliance with the strict FSC® standards.</p>	<p>2010</p> <p>Member</p> <p>Tchibo is a member both of FSC® Germany and FSC® International.</p> <p>By selling FSC®-certified products, Tchibo strengthens the demand for wood and paper from forests responsibly managed according to strict guidelines.</p>
	<p>Global Forest and Trade Network (GFTN) Launched by the conservation organisation World Wide Fund For Nature (WWF) the network is committed to preserving forests as important habitats and for storing the greenhouse gas CO₂.</p>	<p>2011</p> <p>Member</p>
	<p>Global Organic Textile Standard (GOTS) The Global Organic Textile Standard ensures the sustainable manufacture of textiles, ranging from the extraction of organically grown natural resources to environmentally and socially responsible manufacturing and transparent labelling.</p>	<p>2014</p> <p>Certified</p> <p>Tchibo has obtained GOTS certification across the entire supply chain. This means Tchibo can sell GOTS-certified products in Germany.</p>
	<p>Handelsverband Deutschland (HDE e. V.) The HDE is the umbrella organisation that represents the concerns and interests of the entire German retail sector in all locations and for all sizes of company.</p>	<p>1974</p> <p>Member</p> <p>Tchibo is an active member of the Legal, Environmental, Energy and Non Food Committees.</p>

Logo	Organisation and purpose	Year of joining / Start of the partnership
	<p>IndustriALL Global Union</p> <p>The IndustriALL Global Union is an international umbrella union that represents 50 million workers, including those from the garment industry. The focus of the ACT (Action, Collaboration, Transformation) initiative is on ensuring living wages and the right to form trade unions and conduct collective bargaining.</p>	<p>2014</p> <p>Partner</p> <p>We are currently working with the umbrella international textile trade union IndustriALL Global Union and European textile traders to develop a process to jointly assert improvements for workers in the garment industry worldwide. These include living wages and the right to form trade unions and conduct collective bargaining.</p>
	<p>International Coffee Partners (ICP)</p> <p>The industry initiative aims to lastingly improve the living conditions of smallholder farmers based on sustainable farming practices according to the principle of “helping people help themselves”.</p>	<p>2001</p> <p>Member</p> <p>Tchibo is a founding member and a member of the Steering Committee.</p>
	<p>Initiative Pro Recyclingpapier (IPR)</p> <p>This initiative formed by companies across various sectors aims to further promote acceptance of the use of recycled paper with the Blue Angel label, and to lead by example.</p>	<p>2008</p> <p>Member</p>
	<p>Institute for Scientific Information on Coffee (ISIC)</p> <p>The ISIC is a non-profit organisation founded in 1990 with the aim of scientifically researching the topic of coffee enjoyment and health and disseminating its findings.</p>	<p>1998</p> <p>Member</p>
	<p>Rainforest Alliance</p> <p>The Rainforest Alliance is an internationally recognised, independent environmental organisation that campaigns for the protection of sensitive ecosystems and promotes sustainable land management. The Rainforest Alliance seal stands for ecologically sound agriculture and socially responsible corporate behaviour, for example, the conservation of resources and the creation of educational opportunities for coffee farmers.</p>	<p>2006</p> <p>Licence holder</p>

Logo	Organisation and purpose	Year of joining / Start of the partnership
	<p>ShortSeaShipping Inland Waterway Promotion Center (SPC)</p> <p>The ShortSeaShipping Inland Waterway Promotion Center (SPC) is a public-private partnership (PPP) between the German Federal Ministry of Transport and Digital Infrastructure, numerous German federal state ministries, and shipping companies. The SPC advises logistics companies and provides educational and information campaigns about the benefits of an intermodal network between modes of transport.</p>	<p>2015</p> <p>Member</p>
	<p>Textile Exchange</p> <p>The non-profit organisation Textile Exchange promotes the global cultivation of organic cotton and demand for it worldwide. To do this, among other things, it publishes the OCS 100 and OCS Blended standards, which are used to verify the share of organic cotton in textiles.</p>	<p>2008</p> <p>Member</p> <p>By selling products that correspond to the OCS 100 or OCS Blended standards, Tchibo strengthens the demand for organic cotton.</p>
	<p>UTZ Certified</p> <p>UTZ Certified is a programme and label for the sustainable cultivation of coffee, cocoa and tea. UTZ Certified trains coffee farmers in business administration, socially acceptable working conditions, and environmental management. For example, it provides instruction in better farming methods to help them work more successfully while also protecting the environment.</p>	<p>2011</p> <p>Licence holder</p> <p>Tchibo is a member of the UTZ Certified Product Advisory Council Coffee.</p>
	<p>4C Association</p> <p>In the 4C Association producers, traders, roasters and civil society around the world work together towards one goal – improved sustainability throughout the coffee sector. The 4C baseline standard helps coffee farmers become organised and builds their awareness of sustainable coffee farming. In March 2016, the 4C Association merged with the Sustainable Coffee Program (SCP) to form the Global Coffee Platform (GCP). The aim of the merger is to pool the strengths of the two organisations in order to achieve a greater impact in developing a sustainable coffee sector.</p>	<p>2004</p> <p>Member</p> <p>Tchibo is a founding member and a member of the council.</p>

Awards & Rankings

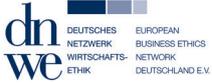
Recognition for our efforts

Awards and rankings confirm that we are making further progress on the path to becoming a 100 % sustainable business. At the same time, we see them as an incentive to continue working on achieving our sustainability goals.

Awards

Organisation	Award	Description	Year
Stiftung Deutscher Nachhaltigkeitspreis e.V. 	Deutscher Nachhaltigkeitspreis Großunternehmen German Sustainability Award (Large Companies)	The judges of the German Sustainability Award named Tchibo the Most Sustainable Large Company of 2016. The judges commended Tchibo for its pioneering role and its voluntary commitments and efforts in the Consumer Goods sector.	2016
Die Verbraucher Initiative e. V. 	Gold and silver 'Sustainable Retail Company' 2015 medals	In 2015 the Verbraucher Initiative e. V. recognised Tchibo as a sustainable retailer: Tchibo won a 'gold' award in the textiles and footwear category, and 'silver' in food as a sustainable retail company for its commitment to sustainability.	2015
Reader's Digest 	Most Trusted Brand	In the 2015 annual Reader's Digest magazine study Tchibo was once again named the Most Trusted Brand with regard to its commitment to sustainability.	2015
Deutsche Umwelthilfe e. V. 	Green Card for Climate Commitment	In 2016, the German environmental organisation Deutsche Umwelthilfe e.V. awarded Tchibo its fifth consecutive 'Green Card for credible climate awareness' for its resolute fleet policy to reduce greenhouse gases.	2016 (every year since 2012)

Organisation	Award	Description	Year
B.A.U.M. e. V. 	Environmental Award	The B.A.U.M. (Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e. V.) 'Environmental Award' honours dedicated individuals. Achim Lohrie, Director Corporate Responsibility, Tchibo GmbH, received the 2014 B.A.U.M. 'Environmental Award' in the Large Companies category. In its citation, the jury said: "Achim Lohrie has decisively helped to anchor environmental protection and social responsibility as key elements in Tchibo's business strategy."	2014
Die Verbraucher Initiative e. V.	Gold medal for sustainability communications in retail	In 2015 the Verbraucher Initiative e. V. awarded Tchibo a Gold medal for its credible, comprehensive, consumer-friendly and comprehensible sustainability communications.	2013
European Commission  <small>Inspiring partnerships for innovation and impact</small> <small>Coined by</small>   <small>Supported by</small>  	European CSR Award	In 2013 the European Commission honoured Tchibo at the first presentation of its European CSR Awards. This award combines national CSR awards and highlights the European dimension of corporate responsibility.	2013
German federal government  CSR-PREIS <small>DER BUNDESREGIERUNG</small> <small>AUSGEZEICHNETES UNTERNEHMEN 2013</small>	CSR Award	In 2013 the German federal government awarded its first CSR Award under the patronage of Federal Labour Minister Ursula von der Leyen. Among the participating companies Tchibo came first in the category of companies with more than 5,000 employees, for the fact that "it already fully aligns its business towards sustainability and social responsibility, and in doing so takes the entire value chain into consideration."	2013

Organisation	Award	Description	Year
German Logistics Association (BVL) 	Logistics Sustainability Award	Tchibo's commitment to sustainability and climate protection across the value chain - from resource use to the production of the products and disposal - was awarded with the Sustainability Award for Logistics 2013 by the German Logistics Association (BVL), and its Austrian counterpart.	2013
German Business Ethics Network (DNWE) 	Prize for Corporate Ethics	Every two years, the German Business Ethics Network (DNWE) awards the Business Ethics Award to exemplary initiatives. In 2012, Tchibo won the award for its efforts on the path towards becoming a sustainable business, especially in the area of consumer goods. The award was primarily for our 'WE' program, an innovative approach to asserting socially responsible production in developing countries.	2012
Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ)	Finalist in the 'Family as a Success Factor' company competition	The 'Erfolgsfaktor Familie 2012' ('Family as a Success Factor 2012') company competition, which is sponsored by the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth (BMFSFJ), is awarded to the most family-friendly companies in Germany. Tchibo reached the final with its pilot project for individual working hours at the logistics site in Gallin.	2012

Rankings

Organisation	Award	Description	Year
Institut für Wirtschaftsforschung (IÖW) und future	Ranking of Sustainability Reports 2015	Tchibo's Sustainability Report 2014 placed 6th in the 2015 ranking of sustainability reports.	2016
Serviceplan	Sustainability Image Score	In the Serviceplan agency's 2015 'Sustainability Image Score' (SIS) ranking, Tchibo came 13th out of 104 companies surveyed, up three places compared to 2014 and 16 compared to 2013. The ranking is based on an online survey of about 8,500 consumers.	2015

Rankings

Organisation	Award	Description	Year
Textile Exchange	Organic Cotton Market Report	According to the non-profit organisation Textile Exchange's 2015 'Organic Cotton Market Report', Tchibo is the third-largest vendor of organic cotton worldwide. Tchibo is the world's fourth fastest in the 'Race to the Top' in the transition from conventional to organic cotton. Since 2008, the company has regularly offered textiles made from/with certified organic cotton. The goal is to obtain 100 % of its cotton from sustainable sources.	2015
Wirtschaftswoche	Top employer	In WirtschaftsWoche magazine's 2014 ranking of 'Top Employers', Tchibo was once again voted among the top 40 employers by the target group of under-40s. Its engaged recruiting efforts contributed significantly to the positive perception of the magazine's readers.	2014
World Wide Fund for Nature (WWF)	Wood & Paper company survey	Since 2003, WWF has regularly surveyed large companies regarding the source of their wood products. In, 2012 Tchibo won second place in the 'Mail order retailers' category for its use of certified wood and paper products.	2012

► Audit certificate

Independent Auditor's Limited Assurance Report regarding Sustainability Information

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German PDF version of the Sustainability Report 2016 of Tchibo GmbH. The following text is a translation of the original German Independent Assurance Report.

To the Management Board of Tchibo GmbH, Hamburg

We have been engaged to perform a limited assurance engagement on information marked with the symbol  in the Sustainability Report of Tchibo GmbH for the reporting period from 1 January to 31 December 2016 (hereafter the report).

Our engagement is exclusively limited to the information marked with the symbol  in the German PDF version of the report. Our engagement did not include any prospective statements or information for previous years. The report is published as a PDF version at <https://www.tchibo-nachhaltigkeit.de/servlet/cb/1231496/data/-/TchiboNachhaltigkeitsbericht2016en.pdf>

Management's responsibility

The legal representatives of Tchibo GmbH are responsible for the preparation of the report in accordance with the criteria as set out in the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the report and the use of assumptions and estimates for individual sustainability disclosures that are reasonable under the circumstances. Furthermore, the legal representatives are responsible for internal controls that they deem necessary for the preparation of a report that is free from - intended or unintended - material misstatements.

Auditor's Statement regarding Independence and Quality

We are independent from the Company in compliance with the German statutory and professional requirements, and have complied with other professional requirements.

The quality assurance system of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft is based on the national statutory regulations and professional pronouncements including, but not limited to the Professional Charter for German Public Auditors and German Sworn Auditors and the standard "Requirements to quality control for audit firms" (IDW QS 1) issued by the Institute of Public Auditors, which are in accordance with the International Standards on Quality Control issued by the International Auditing and Assurance Standards Board (IAASB).

Auditor's Responsibility

Our responsibility is to express a conclusion on information marked with the symbol  in the report based on our work performed.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): „Assurance Engagements other than Audits or Reviews of Historical Financial Information“ published by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the information marked with the symbol  in the report for the reporting period from 1 January to 31 December 2016 has not been prepared, in all material respects, in accordance with the relevant GRI criteria. We do not, however, issue a separate conclusion for each sustainability disclosure which is marked with the symbol . In a limited assurance engagement the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the auditor's judgment.

Within the scope of our work we performed amongst others the following assurance and other procedures:

- Inquiries of employees and inspection of documents concerning the sustainability strategy, sustainability principles and sustainability management of Tchibo GmbH,
- Inquiries of employees responsible for the preparation of information marked with the symbol  in the report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement,
- Inspection of the relevant documentation of the systems and processes for compiling, analyzing and aggregating sustainability data in the reporting period and testing such documentation on a sample of basis,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of sustainability data at the headquarter in Hamburg,
- Analytical measures regarding the quality of the data marked with the symbol ,
- Critical review of the draft report to assess plausibility and consistency with the information marked with the symbol .

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the information marked with the symbol  in the Sustainability Report of Tchibo GmbH for the reporting period from 1 January to 31 December 2016 has not been prepared, in all material respects, in accordance with the GRI criteria.

Intended Use of the Report

We issue this report on the basis of the engagement agreement with Tchibo GmbH. The limited assurance engagement has been performed for the purposes of Tchibo GmbH and is solely intended to inform Tchibo GmbH about the results of the assurance engagement.

Limitation of Liability

The report is not intended to be used as a basis for (financial) decision-making by third parties of any kind. We have responsibility towards Tchibo GmbH only. We do not assume any responsibility towards third parties.

München, 01.12.2017
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter
Wirtschaftsprüferin
(German Public Auditor)

Annette Johne
Wirtschaftsprüferin
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We Look Forward To Hearing From You

Do you have questions or suggestions about corporate responsibility at Tchibo?

Our contacts always have an open ear. You can reach us by email, regular mail or phone. If you have any questions, suggestions or complaints about products, orders or returns, please do not hesitate to contact us directly by sending an email to service@tchibo.de.



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