



## Principles for Social and Environmental Compliance in the Non Food Business

Status: April 2020

We acknowledge our responsibility as a globally sourcing company and commit ourselves to the fundamental social and environmental standards in particular when shaping, managing and implementing our business relationships and within our supply chains. Promoting social and environmental standards in all Non Food supply chains is a shared responsibility between Tchibo and its business partners.

### Supply Chain Overview

Business partners must know the entire production chain for Tchibo products in order to promote and monitor implementation of this Code. At a minimum, this includes disclosing the main factories involved in the production of Tchibo products. Upon request, business partners agree to fully disclose their entire production chain for Tchibo products, including exact names, locations and all required production-related information (e.g. stage of production).

### Information and Communication

Business partners, their producers, manufacturers and subcontractors working for Tchibo are expected to post this Code freely accessible in all major workspaces and to the knowledge of all employees. The Code must be translated into the language of the employees and must inform employees on their rights and obligations as defined by this Code and applicable laws. Business partners should furthermore communicate the contents of this Code to all their producers, manufacturers, subcontractors and homeworkers producing for Tchibo and strive for the adequate observation of the stipulated standards. Business partners, their producers and subcontractors producing for Tchibo must appoint senior management personnel responsible for the implementation of this Code.

### Auditing and Testing

Business partners must carefully assess compliance of any potential producer with this Code before carrying out orders for Tchibo products. To assure that business partners implement the Code and applicable laws, Tchibo will conduct unannounced audits and/or discharge tests (e.g. water, sludge, air emissions) through own personnel and/or independent external auditing bodies. Business partners are expected to provide access to their facilities, including those of subcontractors, at any time it is required. Any violation of the Code and/or applicable laws has to be remedied.

In case, attempts of bribery and malicious deceipts are noticed, Tchibo shall be entitled to withdraw from the contract without granting any days of grace and reject the service, claiming damages instead of the service and terminate the business relationship.

### Consequences of Non-Compliance

Depending on the rating of social and environmental aspects in audits (e.g. Factory Audit, Risk Audit, Compliance Audit and other Tchibo Social and Environmental Audits) and/or discharge tests (e.g. water, sludge, air emissions), the following consequences apply for the business partners:

*Suitable with Follow-up Necessary/Major Concern:* Major Concerns need to be remediated, appropriate remediation evidence must be provided and where required a follow-up audit and/or discharge test needs to be carried out within five months (from the date the audit/test was sent out). In addition, the business partner shall submit a written statement to Tchibo indicating in which way and until when the concerns will be remediated. In case remediation cannot be identified, Tchibo shall be entitled to withdraw from the contract without granting any days of grace and reject the service.

*Not Suitable/Zero Tolerance:* Zero Tolerance concerns need to be remediated, appropriate remediation evidence must be provided and where required a follow-up audit and/or discharge test needs to be carried out within four weeks (from the date the audit/test was sent out). In addition, the business partner shall submit a written statement to Tchibo indicating in which way and until when the concerns will be remediated. In case remediation of aspects rated Not Suitable/Zero Tolerance cannot be identified, Tchibo shall be entitled to withdraw from the contract without granting any days of grace and reject the service, claiming damages instead of the service.



### **Unauthorized Subcontracting**

Business partners are required to provide the exact name and location of the contractual producer. Without Tchibo approval, business partners are not allowed to fully or partially subcontract production processes that take place at the contractual producer. In case these production processes take place at non-contractual producers, Tchibo shall be entitled to withdraw from the contract without granting any days of grace and reject the service, claiming damages instead of the service. In addition, business partners bear the responsibility to remediate any social and environmental violations of this Code at non-contractual producers.

### **Continuous Development Approach**

Business partners, their producers and subcontractors agree to continuously work on the improvement of social and environmental standards. They will receive appropriate time for remediation while prioritizing workers' most urgent needs. Tchibo will provide support and advice. Good audit, test and training results will reduce the intensity of follow-up auditing/testing.

### **Costs of Training, Auditing and Testing**

Tchibo covers the costs for initial audits carried out by third parties unless otherwise agreed. The cost for discharge tests is to be covered by the business partner.

For initial audits, exceptions apply when the initial audit has to be postponed for any reason which the business partner/producer/manufacturer/subcontractor is liable for. In this case, the business partner shall submit a written statement to Tchibo indicating the reason why the audit/test was postponed. They shall also bear the costs for the initial audit which has to be carried out within 14 days (from the date of the unsuccessful audit/test attempt). If the attempt to carry out the initial audit at a later date fails for any reason which the business partner/producer/manufacturer/subcontractor is liable for, then Tchibo shall be entitled to withdraw from the contract without granting any days of grace and reject the service, claiming damages instead of the service.

Costs for remediation, the provision of the appropriate remediation evidence including follow-up audits/tests have to be covered by the business partner.

The costs for training, support and advice are subject to special arrangements between Tchibo and the business partner.



## **Tchibo Social and Environmental Code of Conduct (Tchibo SCoC) for Business Partners (Products and Services)**

Status: April 2020

---

### **Preamble**

As a globally sourcing company, Tchibo commits to the promotion and protection of human rights and the environment. We acknowledge the principles of sustainable development of the 1992 Rio Declaration, United Nations' Guiding Principles on Business and Human Rights, the ILO Multinational Enterprises Declaration, the principles of the United Nations' Global Compact and the OECD Guidelines for Multinational Enterprises. We share the vision of a sustainable future put forward in the United Nation's 2030 Agenda for Sustainable Development and strive to promote social and environmental standards in all supply chains.

The fundamental human and labour rights as well as social and environmental standards as set forth in this Code are based on ILO Conventions, the United Nations' Universal Declaration of Human Rights and the Tchibo Detox Commitment. They also refer to the SA8000 standard, the Ethical Trading Initiative Base Code and German Partnership on Sustainable Textiles' targets. With IndustriALL Global Union, Tchibo has signed a Global Framework Agreement to ensure the effective implementation of the ILO Conventions with particular focus on the right to organise and bargain collectively.

Against this background, we encourage all business partners to carry out appropriate due diligence measures to carefully assess compliance of any potential producer with this Code before carrying out orders for Tchibo products.

### **Applicability of this Code**

As a standard requirement for doing business with Tchibo, we require our business partners (vendors, suppliers, their producers and subcontractors) to comply with the fundamental principles of this Code as well as with all national and international labour, social and environmental laws. They apply to all employees, regardless whether employed directly or indirectly by our business partners and regardless of the contractual basis of this employment, whether in the formal or the informal sector.

The fundamental principles of this Code constitute the absolute minimum and not the maximum of protection for employees and the environment. Whenever the provision of national and international laws, specific industry standards, collective bargaining agreements and this Code address the same subject, the regulation which affords the greater protection for employees or the environment applies.

#### **1. Forced Labour**

Employment is freely chosen. Business partners shall not employ any form of forced, bonded, slave or otherwise involuntary labour. Employees shall not be subject to any regulation which limits their personal freedom of movement. Employers shall not require their workers to lodge deposits or their identity papers with them. Workers are free to leave their employer after reasonable notice as mandated by law. The production of goods with the use of prison labour is strictly prohibited. ILO Conventions 29 and 105 apply.

#### **2. Child Labour and Young Workers**

There shall be no use of child labour. The age of admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years (or 14 where national law permits in accordance with ILO convention 138). In the event that children are found to be working in situations which fit the definition of child labour above, remediation measures and precautionary policies for the future shall be documented in writing by the supplier company. The supplier company shall provide adequate financial and other support to enable such children to attend and remain in school until no longer a child.

Young workers are workers between the age of 15-18. The company may employ young workers, but where such young workers are subject to compulsory education laws, they may work only outside of school hours. Under no circumstances shall any young worker's school, work, and transportation time exceed a combined total of 10 hours per day, and in no case shall young workers work more than 8 hours a day. Young workers shall not be employed at night or perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals. Young workers shall be given the opportunity to participate in education and training programmes.

National regulations for the protection of young employees shall be fulfilled. ILO Conventions 79, 138, 142, 182 and ILO Recommendation 146 apply.



### **3. Discrimination**

It shall be guaranteed that all employees are treated equally, with dignity and respect and have access to equal opportunities. No discrimination shall be tolerated on gender, age, religion, race, caste, social background, disability, ethnic and national origin, nationality, membership in workers' organizations including unions, political affiliation or opinions, sexual orientation, family responsibilities, marital status, or any other personal characteristics. This applies in particular to hiring, compensation, access to training, promotion, termination or retirement. ILO Conventions 100, 111 and 159 apply.

### **4. Disciplinary Measures**

Any kind of corporal, psychological, physical, sexual, verbal or other harassment, abuse or discipline and any other form of intimidation are prohibited. Disciplinary measures shall be in line with national laws and internationally recognized human rights. Arbitrary penalties in case of sickness or pregnancy are forbidden. Employees, who raise any complaint based on this Code and/or on applicable national/international laws, shall not be subject to any form of disciplinary measures or reprisal.

### **5. Working Contracts**

Business partners shall provide their employees with written working contracts. Working contracts shall comply with national regulations and as a minimum must contain: name, home address, photo of the employee\*, date and place of birth\*, function, starting date of working relationship, hours of work, remuneration and compensation, probation period (if applicable), leave entitlements, details for termination of the working relationship (both by employee and employer), signature of employee and employer and dates of signature. In the case of contracted work, the business partner has to secure that all aforementioned requirements are complied with by the contractor.

### **6. Wages and Compensation**

Wages paid for standard working time without overtime shall meet at least legal regulations, benchmark industry minimum standards or collective bargaining agreements, whichever is higher. Business partners shall strive to pay wages that always meet basic needs of employees and their families and provide some discretionary income (Living Wages) in case that legal minimum wages fail to do so. Employees shall receive at least all legally mandated benefits. All overtime work shall be reimbursed at a premium rate according to legal, benchmark industry standards or collective bargaining agreements, whichever is higher. Employees shall be provided with written and understandable information on the full composition of their wages, including deductions, overtime premium rates and benefits. Deductions from wages as a disciplinary measure are not permitted. ILO Conventions 26 and 131 apply.

### **7. Hours of Work**

Hours of work shall comply with applicable laws and benchmark industry standards, whichever of the two is stricter. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week. Overtime shall be voluntary, shall not exceed 12 hours per week and not be demanded on a regular basis. Employees are entitled to at least one free day following six consecutive days of working. Exceptions to this rule apply only where both of the following conditions are fulfilled: a) National law allows work time exceeding this limit; and b) a freely negotiated collective bargaining agreement is in force that allows work time averaging, including adequate rest periods. ILO Conventions 1 and 14 apply and ILO Recommendation 116.

### **8. Freedom of Association and Collective Bargaining**

The right of employees to form or join workers' organizations including unions of their own choice and to bargain collectively shall be recognized and respected. Employers shall adopt a positive approach towards the right to freedom of association and collective bargaining, by communicating this right actively to their workforce and by adopting an open attitude towards trade unions including their organizational activities. In those situations in which the rights to freedom of association and collective bargaining are restricted by law, parallel means of independent and free association and bargaining shall be allowed. Workers' representatives shall be protected against discrimination, harassment, intimidation or retaliation and shall be provided free access to the workplaces to ensure that they can exercise their rights in a lawful and peaceful way. ILO Conventions 87, 98 and 135 and ILO Recommendation 143 apply.

---

\* Not applicable within the European Union because of the Council Directive on the implementation of the principle of equal treatment.



## **9. Health & Safety**

A safe and hygienic working environment shall be provided to the employees. Occupational health and safety practices shall be promoted, which prevent accidents and injuries in the course of work or as a result of the operation of employer facilities. These health and safety practices and procedures shall be communicated to and trained with the employees on a regular basis. A clear set of regulations and procedures must be established and followed, especially the provision and use of personal protective equipment, access to clean sanitary facilities and potable water. The same principles apply to all social facilities and employee accommodation facilities if provided by the employer. All personnel shall have the right to remove themselves from imminent serious danger without seeking permission from the company. The company observing the Code shall assign responsibility for health and safety to a senior management representative and involve workers in the analysis of health risks and hazards. ILO convention 155 and ILO recommendation 164 apply.

## **10. Environmental Protection**

Business partners shall act in accordance with the applicable environmental law and international standards regarding environmental protection and shall maintain relevant environmental permits and licences. They shall continuously strive to minimize any adverse impact that their business activity has on the environment. In particular, this means: no hazardous substances shall be released into the environment; wastewater, air emissions and any other waste need to be treated properly prior to discharge in accordance with applicable laws and standards; energy efficiency needs to be increased; and the use of natural resources (including water, mineral resources, agricultural commodities and fossil fuels) needs to be minimized. In order to achieve these targets business partners shall establish a feasible and effective environmental management system.

## **11. Chemical Management**

All production sites producing Tchibo goods shall implement an effective chemical management system (CMS). Such CMS must encompass the entire life cycle of chemicals, including purchasing, storage, transport, use and the safe disposal/discharge of chemicals. At a minimum, a CMS requires production sites to have a clear chemical policy supported by top management; to clearly define roles and responsibilities for all involved departments and detail work instructions for each step of chemical use; to implement control measures to ensure that chemicals do not contain hazardous and restricted substances as listed on the Tchibo RSL and the ZDHC MRS [as adapted in February 2020]; to regularly train/communicate CMS requirements to all staff handling/exposed to chemicals and document activities properly; to define emergency procedures (e.g. spillage, leakage); to continuously monitor effective CMS implementation and adopt if needed. All business partners are expected to promote and monitor adherence to the Tchibo RSL and ZDHC MRS requirements in their entire production chain for Tchibo products. ILO Convention 170 and ILO Recommendation 177 apply.

## **12. Management Practice**

Social and environmental standards as defined in this Code shall be acknowledged by the management of any business partner and shall be incorporated in company policies. Employees shall be informed about the contents of the Code and applicable national/international laws in a way that is accessible for them, including their local language and in case of illiteracy through verbal briefing and training. In order to meet all requirements as set forth in this Code and in national/international laws, business partners shall set up or use a feasible management system, including the appointment of responsible personnel, the definition of relevant processes and the maintenance of appropriate records to demonstrate compliance with this Code and national/international laws.

## **13. Employment Relationship**

Obligations of this Code and/or of national/international laws shall not be avoided through the use of labour-only contracting arrangements, sub-contracting, false apprenticeship schemes or homework in industries which are not traditionally conducted in home-working arrangements.

## **14. Bribery/Corruption**

Attempts of bribery and malicious deceipts are not tolerated and will lead to the termination of the business relationship.

### **Grievance Procedure:**

Employees are entitled to bring any violation of this Code and/or applicable laws to the attention of Tchibo and/or any independent third party. Employees and third parties may contact Tchibo at any time: Tchibo GmbH, CR, Überseering 18, D-22297 Hamburg, Germany, [socialcompliance@tchibo.de](mailto:socialcompliance@tchibo.de).