



Sustainability Report 2010



At a glance	3	Environmental protection	95
Sustainability management	6	Climate protection	96
CEO Statement	6	Transport	97
Strategy and goals	8	Energy consumption	99
Challenges	9	A story about energy efficiency	101
Strategic approach	10	Mobility	103
Interview with Achim Lohrie	12	Conserving resources	105
Fields of operation	13	Water	106
Organisation	15	Packaging	107
Review of 2010 goals	18	Waste	109
Goals for 2011	27	Biodiversity	112
Milestones	33	Employee Benefits	113
Responsible business practices	37	Corporate culture	113
Compliance	38	Worker participation and input	116
Risk management	39	Work and family	119
Stakeholders	41	Interview with Kathrin Francken	121
International	46	Training and Development	122
Focal points	51	Equal opportunities	125
Responsibility supply chains	53	Health and safety	127
Coffee	53	Compensation and benefits	130
Partners and standards	54	Engagement with Society	133
Measures at origin	56	Promoting education and training	133
Interview with Patrick Munyui	57	Community involvement	136
The environment and the climate	59	Facts & Figures	138
Consumer goods	61	About this report	138
Code of Conduct	62	Key performance indicators	140
Audits	64	GRI index	153
Qualification measures for suppliers	69	UN Global Compact	182
WE report	71	Memberships and cooperations	184
Working with stakeholders	74	Prizes and awards	190
The environment	76	Assurance statement	190
For our customers	79	Glossary	193
Customer orientation	79	FAQ	201
Service concept	80	About Tchibo	204
Shop service	82	Contact	208
Customer service and complaints management	83	Imprint	209
Products	87		
Quality and safety	88		
Sustainable consumption	89		
Interview with Stefan Dierks	91		
Consumer protection	92		
Data protection	93		
Advertising	94		

Key information at a glance

How Tchibo puts sustainability at the centre of all its activities.

Economics, ecology and social responsibility – three terms that are inseparable at Tchibo. Together, they are the supporting pillars of our strategy for our future success. We need to consider the effects that our business activities have on people and the environment around the world so that we can continue to offer our customers the things that make Tchibo special: coffee of outstanding quality and a host of consumer goods providing a new experience every week.

In 2006, we started taking a more systematic, holistic look at our corporate responsibilities, and sustainability is now an integral factor within our business strategy. In our day-to-day business, this means that we constantly check and update our products and processes, as well as our activities at particular sites, to make sure that they meet our environmental and social responsibility standards. The path we are taking with our “Building our Future on Tradition” corporate strategy has a great destination: the Tchibo brand as synonymous with holistic responsibility and trust.

This document will provide you with an overview of our key activities in the areas of supply chains, customer care, environmental protection, staff and society.

Action in supply chains: a unique range, myriad challenges, a holistic strategy

The name Tchibo represents a unique business model: we combine professional expertise in roasted coffee with a wide range of consumer goods that changes weekly. In both of our business fields, responsibility is a key element of how we view quality. We know that we can only sustain our success in the future if we work to address people’s needs and environmental concerns.

From field to cup: responsibility in the coffee supply chain

We want to give our customers only the finest coffee, and to guarantee that our coffee is always of unmatched quality, we are committed to socially and environmentally responsible coffee cultivation. We have increased the proportion of our total volume of raw coffee for Germany and abroad that is certified to Fairtrade, Rainforest Alliance and the EU’s Eco regulation (Bio) standards, and validated to 4C (Common Code for the Coffee Community) standard, from 8.0 per cent in 2009 to 9.6 per cent in 2010. Working together with our partners, we are also involved in a wide variety of different projects in the countries where we source our coffee. These projects focus on education, climate issues and quality.

From the drawing board to the disposal system: responsibility in the consumer goods supply chain

We also believe in responsibility when creating our top-quality consumer goods. We place special emphasis on issues around environmental and social responsibility throughout the entire value chain, from the cultivation of the raw materials used in our products to the method of their disposal, and were able to make significant progress in these endeavours in 2010. For example, we completed the pilot phase of the WE (World Enhancement of Social Quality) project for delivering social responsibility training at production sites in China, Bangladesh and Thailand. At the 40 participating companies, external analysts checked how effective this innovative training concept has been – their findings were very positive. Due to this success, the project has moved from the pilot phase into a programme which has now been extended to 75 other production companies working for Tchibo in China and Bangladesh. During 2010, we staged stakeholders’ events in Germany and Asia where we invited participants to discuss WE. We also used these events to identify potential partners who can help us spread awareness of WE and to obtain valuable feedback for the ongoing development of the programme.

Action for customers: making customers happy, making service excellent

Dedicating our attention to customers’ needs is one of the core values of our corporate culture. Our focus is on our range of high-quality products, our customer-oriented corporate communications; and our service guarantee and standards which see to it that customers can be sure of outstanding service across all of our sales channels. In 2010, we also stepped up our efforts to encourage and support sustainable consumption.

Setting a green example: sustainable consumption courtesy of Tchibo

Sustainable products will not have their intended impact if nobody buys them. Tchibo supports climate-friendly and sustainable consumption with its theme-focused customer communication and attractive range of goods. In 2010, we intensified our cooperation with a range of organisations and our use of seals and labels which provide customers with information about the products they are buying. Our partners in coffee products are Fairtrade, Rainforest Alliance and Bio, and we work with Cotton made in Africa, Textile Exchange and the Forest Stewardship Council (FSC®) to certify our consumer goods. Our range of permanent products now also includes a "green electricity" product that bears the ok power seal of approval and is generated using hydroelectricity in Norway. One of our weekly campaigns in August 2010, featuring the slogan "We help you save", showcased a wide range of resource-saving products and services. Our brochure "Corporate responsibility at Tchibo" contains information for our customers about our action for sustainability and our sustainable products.

Data protection at Tchibo: a management matter

It is our aim to understand as much as we can about our customers' needs while gathering as little personal information about them as we can. In all of our actions, our priority is always to protect the interests of the consumers who have put their trust in us and to handle their personal information with the greatest possible care. To ensure that this is upheld, we have developed and implemented holistic data protection management systems. In this way, we were able in 2010 to increase the transparency of our processes for the benefit of our customers, and our staff are now more aware of the sensitive treatment which personal data requires. We have also reviewed and optimised all of our advertising activities so that they are in-line with data protection regulations.

Action for the environment: we see the big picture

Protecting the environment is top priority for Tchibo. We are engaged in a diverse range of activities in this field, with a particular focus on conserving soil and water, protecting the climate and supporting biodiversity. Through all this, we keep our eye on the big picture. For us, this means that our care for the environment begins in product design and continues throughout all stages of the product life cycle. In 2010, we continued the project "Product Carbon Footprint" in the context of the "Platform for Climate Compatible Consumption in Germany". In addition to this, we continued to work on integrating environmental responsibility guidelines into Tchibo's quality standards.

Focus on climate protection

The effects of climate change are already making themselves felt today - and are not sparing our core business. Global warming is leading to changes in harvest yields and in the quality of important commodities such as coffee and cotton. Our action for climate protection, then, is action to secure the basis of our business. We believe that if we want to protect the climate, we must start with ourselves. Since 1 January 2008, for example, all the electricity we purchase has been generated from renewable sources. Additionally, we are reducing our transport-related CO₂ emissions with the aid of the LOTOS project. Our goal: By 2015, we intend to have reduced our goods transport-related CO₂ emissions by 30 per cent on 2006's levels. Moreover, in 2010 we pushed ahead with switching our sales fleet to low-consumption vehicles from the BlueMotion series from VW and Audi, a project embarked on in 2008, and introduced the first hybrid vehicles to the fleet. To round off this action, we have joined the project "Model regions for electric mobility" - and will be testing two electric Smart cars from 2011.

Action for employees: our workforce is the basis of our success

Even back in 1949, Max Herz knew that a company's most important asset is its workforce. Their experience and expertise are the basis of our success. We intend to uphold the tradition of our company's founder by remaining an attractive and responsible employer in the future. For this reason, we take the long view when making decisions and taking action, have flat hierarchies and speedy decision-making processes. Accordingly, our employees act as "entrepreneurs within the company" - and enjoy a high degree of scope for decision-making and responsibility in their roles. Tchibo is also well aware of the high value of thorough training and offers a wide range of seminars, workshops and other training opportunities for its employees. Further, we place great emphasis on employees' ability to combine their careers with their family lives. We are a family business ourselves, and thus particularly proud of becoming, last year, Germany's first retail company to be awarded the "family-friendly employer" certificate by the family-focused social auditing organisation berufundfamilie gGmbH.

The central foundation of all we do: our Code of Conduct

Fairness in our dealings with others, ethical business practices and complete compliance with all laws are an absolute top priority to Tchibo. In order to ensure that these principles determine all our employees do whenever they do it, we have set them down in our Code of Conduct. The 13 basic rules of working together apply to all employees of Tchibo GmbH and its subsidiaries - and therefore form the basis of our business activities. In 2010, we extended our Code of Conduct to encompass further rules for employee behaviour, incorporating, for instance, our data protection guidelines and certain aspects of environmental protection into the Code as stand-alone points.

Action in society: helping at our products' origin means securing the future

Be it raw coffee or cotton - Tchibo is committed to the regions where our products are sourced and supports workers and their families. We are involved in projects that promote education and training, guided by the principle of "helping people to help themselves". Such initiatives include building schools or establishing childcare programmes. Through these projects, Tchibo helps to improve people's living conditions.

Case study: Benin - paving the way for better education with strong partners

In 2010, we initiated an educational project in Benin. The central African republic, where cotton is a traditional crop, is one of the world's poorest regions. Working together with the German Investment and Development Company (Deutsche Investitions- und Entwicklungsgesellschaft, DEG), the Aid by Trade Foundation, the international cooperation organisation Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and local partners, we are aiming to improve the school infrastructure and the quality of teaching in six municipalities in the country in which "Cotton made in Africa" is produced. In 2010, in the project's first stage, schoolbooks and approximately 10,000 school uniforms were provided and the foundations laid for one of seven future school buildings.

Planet, business, people – the three pillars of our future

How Tchibo is making sustainability a firm principle in all company departments.

At Tchibo, ecology, business and social responsibility are anything but mutually exclusive. In fact, they form the pillars of our strategic plans to secure our future. We will only be able to be assured of our long-term economic success if we carefully consider the effects our business activities have on people and the environment all over the world. In fact, they form the pillars of our strategic plans to secure our future. We will only be able to be assured of our long-term economic success if we carefully consider the effects our business activities have on people and the environment all over the world.

In 2006, we began to comprehensively systematise our corporate responsibility, perceiving it as extending into and affecting every area of our business, and today sustainability is an integral part of our company strategy. In practice, this means that we assess and optimise our activities from ecological and social perspectives across country and market boundaries. We have clearly outlined our objective: to develop our company in a holistically sustainable manner, encompassing all our products and major processes. To this end, we set up a management system with clearly defined tasks and responsibilities. This includes open communication with all pertinent stakeholders in society, especially with regard to the challenges we cannot tackle alone.

CEO-Statement



In his opening remarks, Dr Markus Conrad takes a look back at the year 2010, explaining why it is second nature to Tchibo to take social and environmental responsibility.

Statement Dr. Markus Conrad

Dear customers and readers,

as a Hamburg-based family business, we model our values on those of the traditional “honourable businessman”. We focus on long-term economic success and believe that as a business, we are not just part of society but also bear responsibility for it. This has been our guiding principle ever since our company came into being over 60 years ago.

The concept of sustainability is relatively new. It reflects the raised expectations an increasingly critical public has in relation to the scope of responsibility an “honourable” company has today and to values-oriented

company management. Today, the idea of sustainability encompasses responsibility for employees and suppliers and for the social and environmental impact of all corporate processes.

Sustainability has become an integral part of Tchibo's corporate strategy and Code of Conduct. Our sustainability concept comprises both our absolute compliance with the law and our responsibility to create and continuously improve transparent business processes in the sense of an all-encompassing sustainability strategy.

This is one of the reasons why, in 2009, we joined the United Nations Global Compact, a voluntary alliance of companies and organisations working worldwide to protect human rights, fair working conditions and the environment.

Our third Sustainability Report gives you the details where we are now and our progress in this respect.

Our activities focus on those areas where we are able and willing to get things moving on the basis of our Tchibo business model.

Coffee

In 2010, we already produced more than 50% of all certified sustainable coffee bought by households in Germany. We have been serving only certified coffee at our Tchibo shops since the end of 2009. In 2011, we will increase the share of coffee processed by us globally to recognised base and certification standards such as 4C, Fairtrade, Rainforest Alliance and Bio to approximately 13%.

We have already decided on the next important steps: As of the beginning of 2012, all our "Privat Kaffee" premium roasted coffees and the entire "Cafissimo" capsule system product range will be 100% sustainable. We hope to provide the entire German market with new momentum by implementing this change.

In our role as market and quality leader, we consider it our duty and responsibility to work together with our national and international partners in the coffee sector and with the help of further specific programmes to drive the implementation of minimum standards and to cultivate raw coffee in a responsible manner.

Cotton

The current world market is still short of cotton in certified ecological and social quality. We are pursuing the stated aim of continuously pushing up demand for such cotton and therefore supply. We are already one of Europe's largest buyers of "Cotton made in Africa" today. This cotton complies with a basic sustainability standard.

Wood and pulp

Until 2013, all wood and pulp used by us will comply with our own "Forest Tracing System" standard. All tropical and boreal hardwoods are already certified in accordance with FSC (Forest Stewardship Council) requirements. We will change the type of paper for our magazine and other graphic products by the end of 2012.

Our suppliers' social standards

In 2008, we launched the training programme WE ("Worldwide Enhancement of Social Quality") for our consumer goods production facilities, with financial backing from the Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung - BMZ) and the German Association for International Cooperation (Gesellschaft für internationale Zusammenarbeit - GIZ). No other international programme has so fundamentally improved working conditions in developing countries. 115 of our strategic suppliers and their production facilities are participating in the pilot programme until the end of 2011, with more joining in the coming years.

Environment

Up to now, we have reduced our transport-related carbon dioxide emissions in absolute terms by around 30% compared to the base year 2006.

Employees

In 2010, we were the first German retail company to be awarded the “family-friendly employer” certificate by the family-focused social auditing organisation berufundfamilie. We have been gradually implementing a range of measures in agreement with the organisation since then.

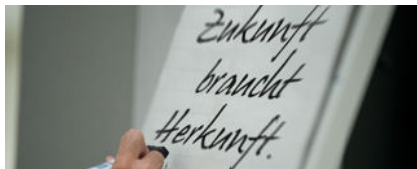
Our progress in recent years would not have been possible without the extraordinary commitment of our employees and I would like to take this opportunity to thank all of them sincerely. Their personal commitment is placing social and ecological responsibility firmly at the heart of our processes and strategy.

The following report contains detailed information on how our company is developing sustainably. Please send us any suggestions, comments or requests you may have as well as your thoughts on our reporting - we look forward to reading them!

Yours sincerely

Dr. Markus Conrad

Strategy and goals



Tchibo represents a business model which is unique throughout the world. We have developed an integrated strategic approach to secure the success of our diverse range.

We have a diverse range - and a unified strategy

How Tchibo secures the long-term success of its unique business model.

Tchibo's business model is one of a kind, and we face multifaceted challenges due to our varied range. Setting new goals for the company year after year, we take an ambitious and strategic approach to protecting our long-term success and fulfilling our responsibilities.

By blending our expertise in roasted coffee with a wide range of consumer goods which give customers a new experience every week and a pleasant coffee experience in Tchibo Coffee Bars, we operate a business model which is unique throughout the world. We want this to continue in the future, which is why we have developed an integrated strategy to account for ecological and social issues in each and every relevant line of business. We put the measures derived from this holistic strategy into effect where the need for action is greatest.

Strategy and goals / Challenges

Act today, profit tomorrow

How Tchibo rises to global challenges.

Climate change, dwindling biodiversity and the growing poverty gap represent huge tasks for humanity. Politics, labour unions and civil society alone cannot overcome these global challenges - companies like Tchibo also carry responsibility to foster sustainable development.

How can we confront climate change, ever-growing environmental destruction and the shortage of natural resources? And how should we deal with the social consequences of the poverty gap between industrialised and developing countries? Finding an answer to these questions is not a matter reserved for politics and society. Commercial enterprises like Tchibo also have to contribute to securing the future for people and the environment. This includes promoting compliance with internationally recognised environmental and social standards and encouraging sustainable consumption.

Securing the future through sustainable operation

We believe it is our obligation to take responsibility for the avoidance respectively reduction of negative impacts and to analyse the effects our business activities on man and nature. It is also in our interest to operate sustainably, because we will secure the future of our business in this way. For example: We select the very best beans to provide our customers with coffee of the highest quality and freshness, and these beans will only grow from healthy soils under balanced climatic conditions. If our coffee farmers cannot support their means of subsistence through their work and cannot manage to adapt to climate change, they will stop producing high-quality raw coffee. To make sure we can provide our customers with our unique quality in the long-term, we are committed to producing coffee in an environmentally and socially responsible way.

Act early and seize opportunities

We want to be recognised as a company that fulfils its responsibilities. We still have much to do to reach this goal, but we also view this as a great opportunity: If we optimise our use of resources early on, we are not only operating in an environmentally conscious way, we are also reducing expenses. If we enforce social standards from the beginning of production, it is not only the employees who benefit. Socially responsible production leads to higher productivity levels and improved product quality.

Finally, by developing our offering in an environmentally and socially responsible way, we are bolstering the trust our customers and stakeholders have in us. Therefore, a sustainable approach to all of our company's lines of business is an important part of safeguarding our future.

Integrated sustainability in our core business



Strategy and goals / Strategic approach

Three principles, two strategies - one ambitious aim

How Tchibo is implanting sustainability as an integral element of all its processes and products.

Sustainability has been an integral part of Tchibo's business strategy since 2006, when the Corporate Social Responsibility department was founded to control sustainability management in the departments, reporting directly to the CEO. Since then, we have been continuously monitoring and optimising our regional activities, products and processes with regard to and based on ecological and social considerations. Our target: The Tchibo brand stands for sustainability, and our stakeholders agree.

We want to continue providing our customers with the things that define Tchibo: high-quality coffee and consumer products which give customers a new experience every week. Yet this will only be possible if we account for social and environmental issues to the greatest possible extent in all our processes.

A simple illustration demonstrates the extent to which we will be reliant on sustainability in the future: If climate change causes a shift in the conditions under which our raw materials are produced, the quality and yield of the coffee harvest may suffer. By taking measures to promote sustainability, such as planting shade trees, preventing ground erosion, and training farmers in the countries where our coffee originates, we are taking responsible action to ensure that we can continue supplying our customers with top-quality coffee in the future.

In 2006, we launched our “Strengthening strengths 2010” company strategy, which outlines, develops and consistently implements the sustainable direction of our business activities. Since the fourth quarter of 2010, “Strengthening strengths” has been continued in the shape of “Building Our Future on Tradition”, which once again makes a clear statement of the vital place sustainability has in our company strategy.

The basis of our approach: Three clear principles

Our integrated and ambitious approach is based on three principles:

- **Responsibility as part of company strategy:** Taking responsibility is part of our company strategy. Each year, we set concrete objectives for coffee, consumer goods and all our major processes, taking economic, environmental and social variables into account. At the end of each business year we check to see if we have reached our targets – and then set ourselves new goals.
- **Responsibility throughout the lifecycle of each product:** We keep a close eye on the environmental and social effects our products have at each stage of their lifecycle, from resource use, via production by our suppliers, to disposal. Sustainability is a firm part of how we define quality
- **Customer orientation:** Customer orientation is the very foundation of our success. This principle is anchored in our company values and our corporate strategy – and it is alive in every single one of our employees.

Two corporate strategies that build upon each other: “Strengthening strengths 2010” and “Building Our Future on Tradition”

Following a long period of dynamic growth, our sales and results declined during the 2006 business year. Reasons for this included intensifying competition, initial investments and pressures in new lines of business, and the fact that we were reaching a natural limit of our growth potential in Germany.

We developed “Strengthening strengths 2010” as a comprehensive package of measures in response to this situation, focusing on three major objectives:

- To strengthen the brand both emotionally and qualitatively, in part by gradually integrating sustainability into the brand values as proof of the quality of our products and fundamental processes,
- To expand our eastern European business model, and
- To further develop the multi-channel sales system based on customer needs.

Over the past five years, we have successfully put these restructuring measures into action. We are also very proud of our achievements to date in the area of sustainability.

Reasons to be proud, motivation to keep going: Taking stock of sustainability in 2010

In 2010, the proportion of the total volume of raw coffees used in our German and international business activities that was cultivated sustainably had already reached 9.6 per cent. In the area of consumer goods, we offer environmentally and socially responsible cotton articles under the “Cotton made in Africa” label from the Aid by Trade Foundation as well as articles made of organic cotton. Products made of hardwood are subject to the Forest Stewardship Council’s (FSC®) strict certification requirements. A comprehensive training and qualification programme in the production countries helps us foster compliance with social standards on the part of our consumer goods suppliers. Our “WE” (Worldwide Enhancement of Social Quality) programme makes a point of including production facility employees and their representatives, as well as our buyers, as the equal partners of management representatives. Since October 2010, we have been offering our customers green electricity generated completely by water power. Tchibo makes it possible for German households to switch over to a clean, secure and certified electricity supply.

Additionally, we have developed and implemented sustainability management systems for our eastern and south-eastern European subsidiaries, adapting them to fit each individual country. This also involved setting up and training national sustainability teams.

“Building Our Future on Tradition” - our plan for success for the next five years

We are continuing “Strengthening strengths” in the shape of “Building Our Future on Tradition”. In doing so, we combine our tried-and-trusted strengths with new growth initiatives. We want to continue to enthuse and inspire our customers each and every day with the uniqueness of our brand, our coffee expertise and range of consumer products, our shop and warehouse concept, and with our corporate culture. We would especially like to expand our activities in online business, with the Cafissimo and in new coffee systems, in eastern Europe, in external business and by investing in up-to-the-minute system architecture.

One thing remains constant through all of these new developments: Sustainability is an integral component of our business activities. We want to have optimised all of our products and major processes to meet environmental and social standards and ensure that our stakeholder groups perceive and acknowledge our success.

Strategy and goals / Strategic approach / Interview with Achim Lohrie

“Responsibility is more than just a word”

Achim Lohrie, head of Corporate Responsibility at Tchibo, on sustainability in practice.

Achim Lohrie has been head of Corporate Responsibility at Tchibo since 2006. In this interview, the 52-year-old tells us about the progress that has been made on sustainability at Tchibo during this time, the limits he meets in the course of his work - and the aims he is pursuing.



The Corporate Responsibility department was founded in 2006.

What was its aim?

Tchibo has grown at a breathtaking speed over the last few decades, undergoing a transformation from a German coffee roasting company to a globally active industrial and retail giant. Our responsibility for people and the environment has increased in proportion to this growth. For this reason, the company integrated sustainability into its corporate strategy in 2006, setting up the Corporate Responsibility department, which reports directly to the CEO. Our guiding principle is the requirement to take environmental and social factors into account in all our business activities. This is a course of action that also makes our business sustainable for the future.

In what way?

Let me give you an example: Coffee is an agricultural product and needs particular climatic conditions to produce optimum yields. Climate change will affect cultivation conditions in such a way as to impact negatively on yields and quality when it comes to the coffee harvest. We need to act if we want to continue supplying our customers with top-quality coffee in the future. We need to train coffee farmers to make their coffee plants and their cultivation methods more resilient to the consequences of the climate change that is now inevitable: some ways to do this might be to plant trees to provide shade and implement a range of methods to prevent soil erosion. In addition to this, we need to show coffee farmers how to limit their own impact on the climate - and we have to take heed of this ourselves too, in our coffee roasting and retailing activities. We might do this, for instance, by ensuring we impact as little as possible on the climate when we transport goods, using up-to-date roasting technology, switching over our fleet to low-consumption vehicles and using energy from renewable sources at our sites.

So to sum that up, a good five years ago you began the process of taking a holistic, systematic approach to corporate responsibility at Tchibo. What are the principles you base your actions on?

Three clearly formulated principles form the basis of our approach. First: Taking responsibility is an integral part of Tchibo's business strategy. Second: For coffee and consumer goods, we pay attention to environmental factors

across the entire product life cycle - from the use of resources and production by our suppliers all the way to the product's eventual disposal. Third: We are uncompromising in our orientation towards our customers' needs and requirements and those of the groups that represent their interests in society.

Where are you with all this today? Have there been setbacks as well as progress?

Corporate responsibility is firmly rooted in our company and our employees bring it to life each and every day. The results of our activities prove that responsibility is more than just a word. For example, we have been able to continuously increase the proportion of sustainably cultivated raw coffee in the coffee we process and that of the consumer goods in our range produced in environmentally and socially responsible conditions. Additionally, we have a comprehensive training programme in place to support the implementation of social responsibility standards in the production plants run by our consumer goods suppliers, and the electricity we use at our sites comes solely from renewable sources. But we also come up against limits, which in our view we will only be able to overcome shoulder to shoulder with all other players in society. These include issues such as working with our Asian suppliers to secure living wages and employees' right to join unions and conduct collective bargaining, and eliminating agricultural child labour in developing countries.

What are your aims for the future?

We have set ourselves an ambitious goal: We want our products and significant processes to be the best they can be in relation to environmental and social criteria and we want our stakeholders in society - our customers above all - to see and appreciate this. We want them to automatically associate sustainability with the Tchibo brand.

How do you intend to achieve this goal?

We place particular emphasis on long-term, transparent business relationships with our suppliers, in which we work with them as partners. Over the last five years, we have learned that such relationships are key in establishing the right conditions for developing sustainable products and processes and in speeding up this process. Further, we are working on extending and deepening dialogue with our stakeholders in society. If we manage this, we will be able to successfully tackle those challenges we would not be able to overcome alone.

Strategy and goals / Fields of operation

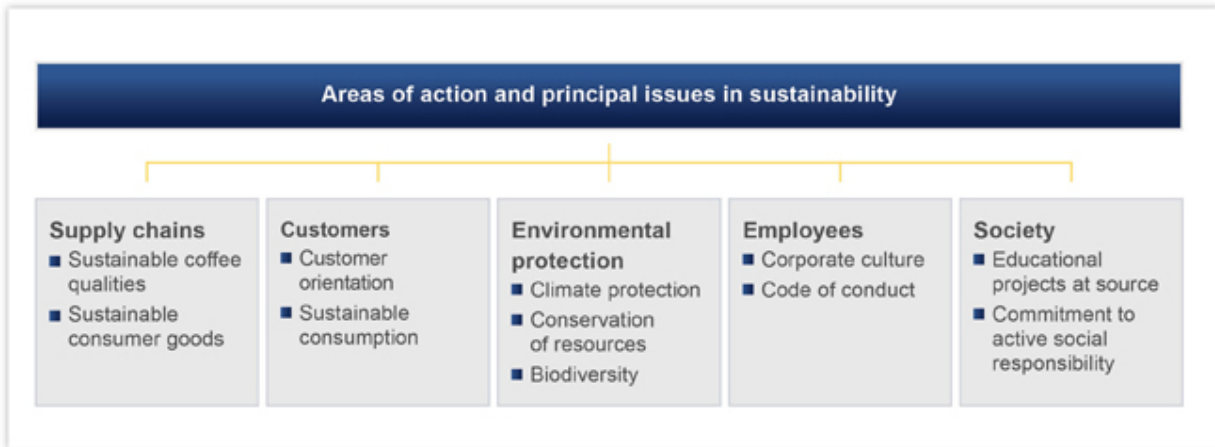
Responsibility on a broad basis - Keeping an eye on the essentials

How Tchibo systematically shapes its long-term approach to sustainability and sensibly prioritises its activities.

Tchibo faces multifaceted and ambitious tasks. Tchibo has set key priorities and - whenever reasonable - yearly goals to live up to its responsibility. We concentrate on the areas of our business activities in which our actions have the greatest effect on people and the environment - both in terms of the issues themselves and of the regions we are active in. Our stakeholders are the focus of everything we do.

Responsibility is not only a comprehensive term; it is also tied to a variety of activities. We cannot address all of our challenges right away, which is why we plan our measures to promote sustainability carefully, setting ourselves annual objectives wherever possible. Selecting the fields of operation where we will take action first is not something we undertake on our own. We keep up an ongoing dialogue with our social stakeholders so we do not lose sight of the essentials when confronted with the diversity of needs and issues facing us. Our stakeholders include our employees and their representatives, environmental, consumer protection and human rights groups, unions and public authorities, our business partners, and, above all, our customers. Thanks to our detailed communication with these stakeholders, we always know which areas of our business activities

require specific action. Another significant point of reference is our risk management system. We minimise potential hazards by taking account in our decision-making processes of the risks identified by this system.



All good things come in tens: Our key focal points

Through communication with our stakeholders, we have defined the aspects of our business activities for which we bear particular responsibility. Since 2006, we have been focusing our efforts on the following ten main issues:

- **Sustainable coffee qualities:** Our aim is provide exclusively sustainable coffees. We select only the best beans to provide top-quality coffee as fresh as it gets. Our promotion of ecologically and socially responsible coffee production helps us to give our customers a lasting guarantee of unmatched quality.
- **Sustainable consumer goods:** We want to offer products to our customers that place the smallest possible burden on the environment in the course of their lifecycle and that are produced under fair working conditions. Living up to our environmental and social responsibility is part of our holistic concept of quality. Therefore we have developed processes to support our suppliers in this respect.
- **Customer orientation:** Customer orientation is one of our business strategy's central values. We want to provide our customers with the best service possible, taking their comments and criticism seriously and using them to help us become ever better in what we do.
- **Sustainable consumption:** We are constantly expanding our range of sustainable products. The best way for us to prove our sustainability is with trustworthy certificates from established standards organisations, for our coffee as well as cotton textiles, consumer goods made of wood and other products.
- **Climate protection:** We produce the majority of our products outside Europe, taking climate protection measures to fight the resulting effects on the climate. Our shipping methods are a principal focus in this context: By 2015 we want to have reduced our shipping-related CO₂ emissions by 30 per cent compared to 2006.
- **Protecting resources and conserving biodiversity:** Many of our earth's greatest treasures are limited. The diversity of plant and animal species is under threat. It is critical to the existence of our company that we conserve resources and preserve biodiversity.
- **Corporate culture:** We want to strengthen our corporate culture, and have defined our three main values: customer orientation, entrepreneurship and discipline.
- **Code of Conduct:** Every single Tchibo employee is required to act responsibly, so we developed a Code of Conduct which establishes the basic rules for daily business at every level of the hierarchy.

- **Educational projects in our products' regions of origin:** Not only do we strive to make our products themselves sustainable, we also promote social development in the regions from which our products originate. A main focus of this effort is supporting educational initiatives.
- **Social commitment:** We support initiatives to improve people's lives, above all in the communities surrounding our sites.

National and international: Our main geographical focal points

As a company which is active all over the world, we stand up for sustainability wherever our products and processes are specifically involved - in the countries where our products originate, at our sites and in our sales markets.

- **In the "coffee belt" countries:** Coffee production requires specific climatic and geographic conditions. Therefore, excellent raw coffee grows primarily in countries in the "coffee belt", i.e. at high altitudes on or near the Equator. In Central and South America, we primarily purchase our coffees in Brazil, Colombia, Peru, Honduras and Guatemala. In eastern Africa, the main countries supplying our coffee are Tanzania, Kenya and Ethiopia, and in Asia we mainly obtain our coffee from Vietnam, Papua New Guinea and India.
- **In developing and newly industrialised countries:** A large portion of our consumer products are produced in developing and newly industrialised countries. In these countries we mainly cooperate with suppliers in China, Bangladesh, Vietnam, India and Turkey.
- **In European markets:** Our core sales markets are Germany, Austria and Switzerland, and we are also expanding operations in eastern and southern Europe, where we have integrated sustainability into our expansion plans.

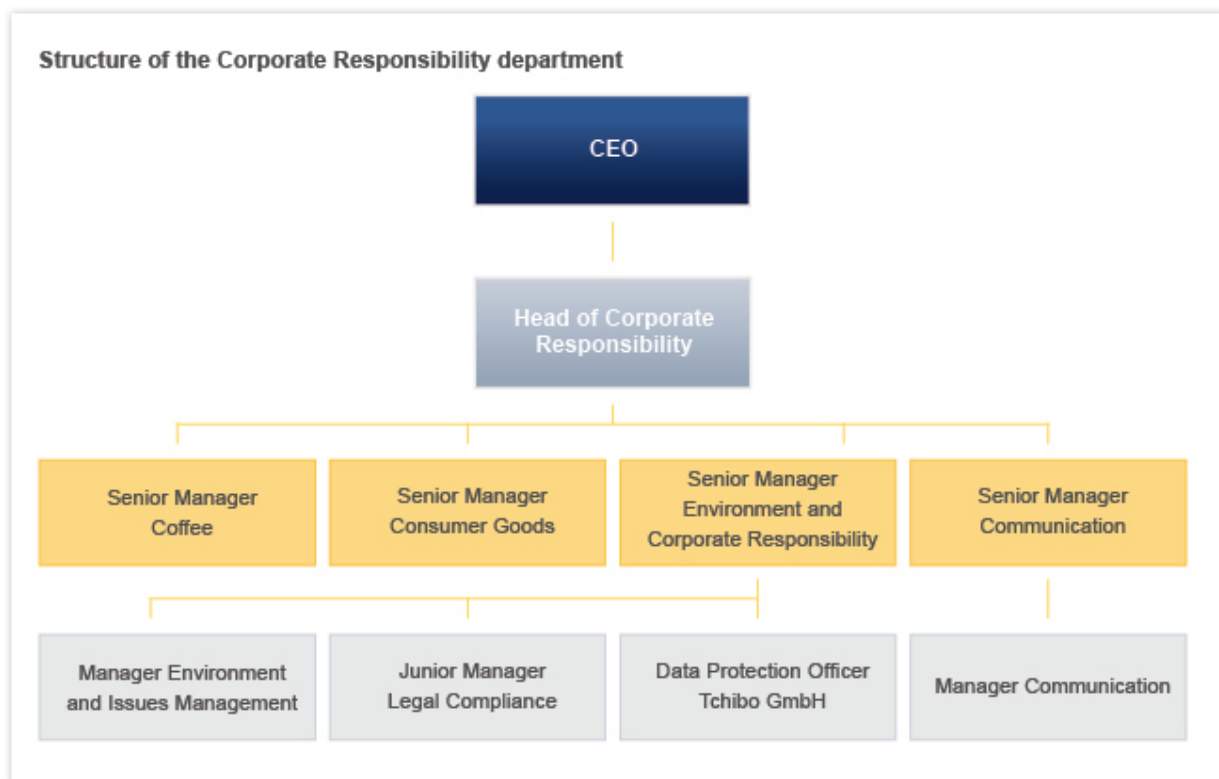
Strategy and goals / Organisation

Responsibility requires responsible people

How Tchibo organises sustainability within the company.

The whole is greater than the sum of its parts. At Tchibo this means each employee contributes to our sustainable operations in his or her area of influence. Our management system ensures that a wide variety of activities results in a unified whole.

Our management system is one of a kind. Sustainability is an integral part not only of our business strategy, but also of our organisation. We have placed the responsibility of sustainably developing our business activities in the hands of our departmental employees - at every level of the hierarchy. Reporting directly to the CEO, our central Corporate Responsibility department supports departmental employees in their efforts, functioning as an internal business consultancy team.



We would like to demonstrate how our management system functions by means of the following examples, based on our objective of switching from conventionally produced to sustainable raw coffee. This approach applies to all of our product lines and major processes.

Stage 1: Creating and adopting goals

Our stated aim of selling only sustainable coffees was developed by the marketing/product development department for coffee and the purchasing department for raw coffee on the basis of the “Building Our Future on Tradition” company strategy. The departments instructed the Corporate Responsibility department to check the feasibility of this goal and to develop projects to make the shift from conventional to sustainable raw coffee in cooperation with standards organisations such as the Rainforest Alliance, Fairtrade and 4C as well as raw coffee suppliers.

Additionally, the marketing/product development department for coffee involved experts from other departments in the goal-setting process, particularly the production department for the later roasting processes and the logistics department for shipping processes as well as the legal department for contractual agreements.

The goal, along with all of its interim objectives and further core objectives, was presented to the CEO and the Management Board, who approved it. Thus, sustainability targets become part of the personell objectives of the department staff together with their superiors.

Stage 2: Implementation

All departments involved share equal responsibility for implementing the measures necessary to achieve the goal and its interim objectives. Interdepartmental working groups are set up wherever necessary. The Corporate Responsibility department coordinates all measures required for implementation, in particular by lending support to the raw coffee purchasing department to carry out the projects intended to make the shift from conventional to sustainable qualities.

Stage 3: Assessing achievement of objectives

The Corporate Responsibility department’s main responsibility is to monitor our progress in attaining the goal and interim objectives. After hearing from all of the involved departments, Corporate Responsibility reports the current situation to the CEO and Management Board. This happens several times a year within the frame-

work of regular feedback talks and since 2011 once each year in late autumn in Task Fulfilment/Task Planning, in which all department heads report back on the progress made towards the implementation of all company goals. The “review” also confirms and, if necessary, revises ongoing goals and announces new objectives.

The CEO reports on sustainability goals and our progress towards reaching our objectives at least once a year to the Tchibo GmbH Supervisory Board as well as to the Management and Supervisory Boards of our proprietor, maxingvest ag. The works council is also included in this communication.

Stage 4: Integrating products into the sales mix and communication

In the final stage, sustainable coffee products are integrated into our product range and marketed. Integrating products into the sales mix falls under the responsibility of the marketing/product development department for coffee. Department heads in the various areas of communication, such as corporate communication, marketing for coffee and consumer goods, umbrella marketing and sales marketing, are responsible for communication.

The following diagram illustrates the sustainability management system for all products and major processes.

Sustainability management system for all products and main processes

	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)
Technical Managements / Management Board	●		●			●	● (information)
Supervisory board	● (information)		●			● (information)	● (information)
maxingvest AG	● (information)		●			● (information)	● (information)
Works council	●		●			●	● (information)
Product departments	●	●	●	●		●	
Processes / Sales departments	●	●	●	●		●	
Legal department	●	●				●	●
Personnel department	●		●			●	
Corporate communication / other functions		● (support)		●			● (information / collection)
Working groups	●	●				●	
Corporate Responsibility department	●	●	●	●	●	●	●

The Corporate Responsibility department: One team - diverse responsibilities

The Corporate Responsibility team possesses knowledge and experience in the fields of environmental engineering, natural sciences, food sciences, social sciences, marketing, law and communications. It takes on the following responsibilities.

- **Advising and coordinating:** Corporate Responsibility employees support the departments as they develop sustainability goals and take concrete measures to attain goals and interim objectives. They have an overview of all activities, which they also coordinate.
- **Central contact:** The Corporate Responsibility team is the first contact for all questions or ideas related to sustainability at Tchibo. Together with the Corporate Communications department, the team maintains contacts and leads communication with stakeholders.
- **Outward representative:** The Corporate Communication department represents the company in committees, at conferences and at round tables with a focus on sustainability.
- **Data protection:** Since mid-2009, data management has been centrally assigned to Corporate Responsibility and as such has direct access to corporate management.
- **Issues management:** A further responsibility is issues management. This involves identifying new sustainability issues which are relevant to Tchibo. In this context, the team analyses societal trends and legislative initiatives. The employees also regularly communicate with Tchibo's market research experts, who also collect and analyse significant trends.

Strategy and goals / Review of 2010 goals

2010: Comparing targets

What Tchibo has achieved in the past year.

Any company has to continuously assess its progress if it wants to ensure that sustainability becomes a cornerstone upon which all its activities are built. For this reason, Tchibo sets itself new goals every year, goals which we define as clearly as we possibly can. There were quite a few things we wanted to achieve in 2010 - and we managed to do many of them.

At Tchibo, 2010 was all about increasing our commitment to sustainability - upping the share of sustainably grown coffee used for our products, expanding our WE supplier qualification project, augmenting our code of conduct by incorporating important environmental and data protection guidelines. This section contains information about the advances we made in each of the different areas covered by our business activities.

Responsibility in the supply chain: Coffee

Objective	When	Status	Comments
<p>Increasing the share of sustainably grown coffee beans in our products</p> <p>In 2010, we want 10 percent of the unprocessed coffee we buy to come from sustainable sources, and we want to increase the share of unprocessed coffee varieties to 25 percent in 2015. To ensure that we can reach this target, one of our main undertakings in 2010 will be to consolidate sustainability management for our coffee products.</p>	2010	partially met	<p>In 2010, we were able to increase the overall proportion of beans grown in line with certification and validation programmes as a source of the unprocessed coffee we use in our products. These programmes are Fair-trade, Rainforest Alliance, the EU's environmental directive (Bio) and 4C, and the share of certified coffee rose from 8 percent in 2009 to 9.6 percent. We are working towards a complete changeover from conventionally to sustainably produced coffee. In aiming for this ambitious target, we want to achieve the first milestone in 2015. We are also defining annual partial goals to be reached in the meantime.</p>

Responsibility in the supply chain: Consumer goods

Objective	When	Status	Comments
<p>Analysing WE's effectiveness</p> <p>After completing all activities, we will conduct a review of the overall process as part of a final, independent analysis to gauge how effective it is.</p>	By mid-2010	fully met	<p>The effectiveness of dialogue was assessed as part of an external analysis. Our intentions were confirmed: attempts to foster dialogue and communication structures at plants have a direct link with improved working conditions. The external analysis also identified positive effects on economic data used as assessment factors, such as staff fluctuation levels and productivity.</p>

Responsibility in the supply chain: Consumer goods

Objective	When	Status	Comments
<p>Validating the WE analysis</p> <p>We will task Social Accountability International (SAI) with checking the methodology and the techniques used for analysing the effectiveness of the WE project. This will form a starting point for us to make any changes that might be necessary if we expand the project by including other suppliers.</p>	Q4 2010	not yet met	<p>The priorities were altered so we could plan to expand the WE project in our supplier portfolio instead.</p> <p>SAI will carry out validation in 2012 at the latest.</p>
<p>Turning the WE project into a company cornerstone</p> <p>Even when the three-year pilot phase is finished, the WE project should still contribute to making our supply chain more sustainable around the world. We will therefore add modules that focus on the environment and on productivity, and we will expand the programme to incorporate other production sites in our supply chain. We have also set ourselves the goal of creating an international platform for the WE project. This “social business” will be available to other international retail companies.</p>	End of 2010	fully met	<p>We successfully completed the pilot phase of the WE project for qualifying suppliers which operate production sites in China, Bangladesh and Thailand. Furthermore, the effectiveness of the measures was ascertained at the 40 production sites included in the programme. Once the pilot phase ended, the “proper” WE project started and included 40 production sites in China and Bangladesh. We developed and integrated modules with environmental and productivity-related objectives. Tchibo and GIZ are in negotiations with interested retail companies about creating a collective project platform.</p>
<p>Extending membership</p> <p>We are involved in scores of business and sustainability initiatives, such as the MFA Forum Bangladesh Buyers Group, Runder Tisch Verhaltenskodizes, Social Accountability International (SAI), Global Compact and ETI (Ethical Trading Initiative).</p> <p>We will remain members of these programmes, take part in regular consultations and play an active role in the working groups.</p>	2010, continuous	fully met	<p>The MFA Forum Bangladesh Buyers Group has completed its mission and been formally wound up.</p> <p>We have extended our membership in the following organisations: Runder Tisch Verhaltenskodizes, Social Accountability International (SAI), Global Compact and ETI (Ethical Trading Initiative).</p> <p>ETI members, we have been taking part in lots of working groups, e.g. in the China Forum, Good Workplaces Programme and Living Wage Programme.</p>

Responsibility in the supply chain: Consumer goods

Objective	When	Status	Comments
<p>Formalising the stakeholder dialogue</p> <p>We want to develop a database that will assist our dialogue with our stakeholders. We also plan to hold a range of events for different stakeholder groups in Germany.</p>	2010, continuous	partially met	We have continued our dialogue with our social stakeholders. A key stakeholder event about the WE project took place in Thailand. Another event was held in Germany for employees and managers from the countries where the project is running. Some of Tchibo's purchasers were among the participants, as were representatives from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany's Ministry for Economic Cooperation and Development (BMZ), NGOs, trade unions, other retail companies, and associations. We are currently working on developing the database.
<p>Environmental guidelines</p> <p>We will augment the existing environmental guidelines that our purchasing department uses when acquiring goods and services.</p>	End of 2010	partially met	Due to staff-related changes in this unit, only the processes saw some further development. We plan to augment the guidelines for the end of 2011 and start of 2012.

Customers

Objective	When	Status	Comments
<p>Make handling complaints management more systematic</p> <p>imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH will review our complaints management system every year, looking at how close it is to customers and at its performance.</p>	End of 2010	fully met	<p>imug has performed its review: 2010 saw a further improvement in the quality of our work in handling customers' issues. In particular, we improved our content-related advice regarding complaints to the company's management. There was also a demonstrable improvement in the handling of questions regarding Cafissimo: these questions are fielded by our service team (created in 2010).</p> <p>We plan to have imug conduct this review every year.</p>

Customers

Objective	When	Status	Comments
<p>Developing and marketing sustainable products</p> <p>We will continue to drive the development and marketing of sustainable products. Our target for "Cotton made in Africa": sale of 2.9 units.</p>	End of 2010	fully met	<p>The seals of the standards organisations that Tchibo cooperates with play a particularly significant role in marketing sustainable coffee. The menu boards at our outlets' serving areas provide customers with clear information about our dedication to sustainability: the menus display the range and prices of the drinks that are on sale.</p> <p>We put together our first weekly range of sustainable (energy- and resource-friendly) consumer goods. In 2010, a total of 3.39 million units made from sustainably produced cloth ("Cotton made in Africa" and organic cotton) were on sale.</p> <p>In 2010, validated and certified coffee accounted for 9.6 percent of the overall raw coffee we used.</p>
<p>Communicating our sustainability-related activities</p> <p>We will create a customer brochure about the issue of sustainability.</p>	2010	fully met	<p>The customer brochure about our corporate responsibility provided our customers with in-depth information. We also saw to it that customers received further information about sustainability-related issues as part of our "We help you save money" campaign.</p>
<p>Fulfilling data protection guidelines</p> <p>We will conduct maintenance work and further development for our data protection management system.</p>	2010	fully met	<p>We developed and implemented a holistic data protection management system. We also revised our code of conduct and added information about the issue of data protection.</p>

Environment

Objective	When	Status	Comments
<p>Adding environmental guidelines to the code of conduct</p> <p>We will add environmental guidelines to the Tchibo Code of Conduct, which is binding for all of our staff. These guidelines will provide further information on instructions laid out for our employees in our code of conduct regarding environmental awareness. We plan to communicate the revised code of conduct internally during the second half of 2010.</p>	End of 2010	fully met	We informed our staff about the revised code of conduct at the end of September 2010.
<p>Environmental guidelines for purchasing consumer goods</p> <p>We will develop a criteria catalogue for our product designers and quality management: the catalogue will display the potential new products have regarding their environmental qualities. We will also press ahead with the continued integration of ecological criteria with Tchibo's quality standards.</p>	End of 2010, continuous	fully met	We produced guidelines for other product groups, e.g. mixtures such as aromatic oils and detergents, in 2010. We revised guidelines for existing product groups, e.g. wood, cotton, down and feathers.
<p>Climate protection and business trips</p> <p>We will step up the replacement of our sales reps' car fleet with fuel-efficient vehicles (including VW BlueMotion). By the end of 2011, we want to reduce the fleet's total average emissions values below the EU's 2012 targets of 130 g/km.</p>	End of 2011	partially met	We continued our work, begun in 2008, on replacing our sales reps' car fleet with low-consumption vehicles from VW's BlueMotion series and Audi. We have also acquired our first hybrid vehicles, and we agreed to take part in a regional electromobility project in Hamburg in 2011 using two electric smarts.

Environment

Objective	When	Status	Comments
<p>View of product lifecycles</p> <p>We will expand our holistic approach to product lifecycles, in particular regarding products' carbon footprints (PCF), by incorporating our product range and communications activities.</p>	End of 2010	fully met	<p>We have conducted environmental assessments and analyses of lifecycles in selected product groups.</p> <p>Example: Cafissimo's deactivation time was shortened from 120 to 7 minutes, and the associated energy savings were communicated on the packaging.</p>
<p>Energy monitoring systems</p> <p>We will start establishing company-wide energy monitoring systems.</p>	End of 2010	fully met	<p>We got off to a good start in 2010: our first move was to draw up monitoring concepts for our head office in Hamburg's City Nord district, our Hamburg roasting house and our warehouse in Gallin.</p>
<p>Sustainable paper and wood</p> <p>We will increase the share of sustainably produced wood and paper we use, e.g. in our products, packaging and communication.</p>	End of 2010	fully met	<p>All of the tropical and boreal wood we use is certified by FSC®, and all other types of wood meet our FTS standard.</p> <p>In 2010, approximately 44 percent of the paper used at our German offices, branches and depots used recycled or FSC®-certified paper.</p>
<p>Cotton</p> <p>We will expand our range of products that use "Cotton made in Africa" and organic cotton.</p>	End of 2010	fully met	<p>In 2010, a total of 3.39 million units made from sustainably produced cloth ("Cotton made in Africa" and organic cotton) were on sale. This represents just a minor increase over 2009's figure (3.3 million units), but was achieved in a difficult market environment.</p>
<p>Climate protection and transportation</p> <p>By 2015, we will cut transport-related CO₂ emissions by a total of 30 percent of the baseline figure from 2006.</p>	End of 2015, continuing	partially met	<p>We reduced CO₂ emissions by increasing the amount of freight transported by ship, and the figure fell by 26 percent in 2010. We confirmed our objective of reaching a 30 percent reduction by 2015.</p>

Staff

Objective	When	Status	Comments
<p>Social programmes for our staff</p> <p>Our prime objective in a difficult market is and will remain retaining as much as we can of our range of voluntary social programmes. If it becomes necessary to implement any cutbacks, we will ensure that we have trust and backing of our staff. Honest and transparent communication will play a particularly important role in achieving this.</p>	2010, continuous	fully met	We were able to maintain our voluntary social programmes in 2010.
<p>Staff satisfaction</p> <p>In 2010, we are planning to take part in the employee survey "Germany's best employer" again. It is run by the Great Place to Work institute.</p>	End of 2010	fully met	We took part in 2010's employee survey by Great Place to Work. Tchibo came in 97th place, which meant we were once more able to call ourselves "Germany's best employer" in 2011.
<p>Strengthening our corporate culture</p> <p>We want to create a range of seminars that will strengthen our corporate culture by explaining our business model and bringing it to life for people. We will also hold courses covering the following issues for managers:</p> <ul style="list-style-type: none"> • Health management • Family-friendly workplaces • Reducing bureaucracy • Staff planning 	2010	fully met	We created the concepts for the seminars and made the seminars available to staff.
<p>Career and family</p> <p>We support working parents. We want to send a clear signal to all current and future employees at Tchibo, so we will obtain a certificate as a family-friendly company in 2010. The auditor berufundfamilie gGmbH will support us.</p>	2010 / 2011	fully met	berufundfamilie gGmbH undertook the certification process in 2010. An action plan was drawn up and we implemented the measures laid out for the first year at the start of 2011.

Staff

Objective	When	Status	Comments
<p>Employee participation and social responsibility</p> <p>We will revise the agreement regarding our company's retirement programme to bring it into line with a retirement age of 67.</p>	2010, postponed until 2011	not yet met	The corporate retirement programme will be extensively revised in 2011 and factor in more than just the increase of the retirement age to 67 in Germany.
<p>Workplace safety</p> <p>We had already planned to draw up an extensive workplace safety management concept for 2009, incorporating risk evaluation and helping us to take safety aspects into account for planning, development and procurement. We will continue to work on achieving this goal in 2010.</p>	End of 2010	not yet met	Our occupational safety management concept has not been completed. The occupational safety handbook and training for the executives will be key components of this concept at our City Nord location. Communicating our City Nord location's occupational safety policy and occupational safety handbook in 2011 will help to emphasise how important and useful occupational safety, that is workplace safety and health management, really is, supporting executives in further integrating the concept into their work.

Society

Objective	When	Status	Comments
<p>Completing the ICP sourcing projects</p> <p>We will continue with all of the projects started/running as part of ICP in 2009.</p>	End of 2010, continuous	fully met	In 2010, a total of six projects for implementing the changeover from conventional to sustainable coffee growing were implemented in the following countries. Brazil (runs until 2012), Guatemala (until 2014), El Salvador, Guatemala, Honduras (until 2014), Tanzania (until 2014).
<p>Education projects</p> <p>(1) We will start an education project for the children of "Cotton made in Africa" farmers in Benin, central Africa. The project</p>	(1) 2010-2013, continuous	partially met	(1) A project to fund the school infrastructure in six areas in Benin (central Africa) cotton is grown as part of the "Cotton made in Africa" project. The cornerstone was laid for the first

Society

Objective	When	Status	Comments
will probably start in the second quarter of 2010.			of the planned seven schools. Tchibo's partners in the project are DEG, the Aid by Trade Foundation, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and local organisations.
(2) We will finish the second phase of our "San Juan" school project in Colombia (construction of a school canteen) as part of the "Fairer Genuss" Eduscho cooperation programme.	(2) 2010	fully met	(2) The school canteen was built. The project was wound up in 2010.
Social issues day We will participate in the "social issues day" organised by the aid foundation Schüler Helfen	June 2010	fully met	19 school-goers took part in the social issues day at Tchibo.

Strategy and goals / Goals for 2011

Our goals for 2011

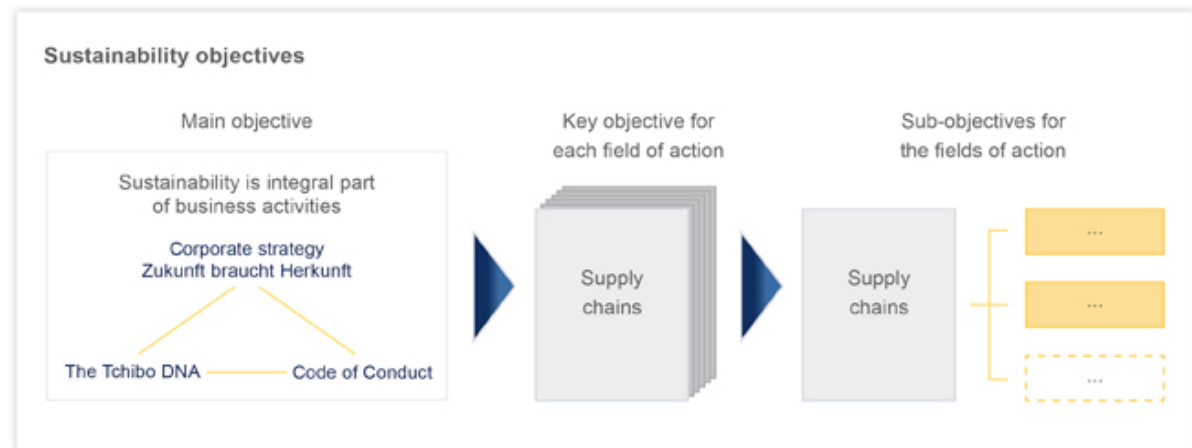
What Tchibo wants to achieve.

Tchibo achieved a lot for sustainability in 2010, but these successes are no reason for us to sit back with satisfaction - instead, they inspire us to work on achieving even better results in the future. As a result, we have compiled another list of ambitious aims for ourselves in 2011.

Sustainability is a core factor in our business activities. We have integrated it completely with our corporate strategy "Zukunft braucht Herkunft". It is part of our self-image, it is part of our corporate DNA, and it is part of our code of conduct, a set of rules which are binding for each and every Tchibo employee.



Our core objective is to increase sustainability on every level of our company's business activities. It is not a goal that we can simply achieve overnight, so we have developed a long-term strategy: we have defined at least one target for each of our business fields to guide us in implementing the core objective. Each year, we set ourselves new, partial goals so we can move closer, step by step, to fulfilling the objectives that shape our activities.



Sustainability management

Target

To develop and implement national management systems, we will create sustainability teams in the following sales markets by 2005 and provide them with training: Poland, Hungary, Czech Republic, Slovakia, Turkey, Russia and Romania. These teams will work with our corporate responsibility department at our Hamburg HQ to create and implement country-specific sustainability programmes with targets and activities for continuously improving the company's range of sustainable services.

These will be in force either throughout the entire Tchibo Group or will be added to the targets and activities that Tchibo puts together for the separate national markets. The national sales organisations will develop their own targets and activities for certain issues, in particular ones that relate to their own countries.

Subgoals for 2011

- Nominating and training key contacts in Turkey, Russia and Romania.
- Formation of sustainability teams in Poland, Hungary, Czech Republic and Slovakia.
- Development of national sustainability programmes in all our sales subsidiaries in Eastern European countries.
- Certification of all Eastern European sales subsidiaries for coffee products in line with the standards laid out by Rainforest Alliance, Bio, Fairtrade and UTZ CERTIFIED.
- Membership in or cooperation with at least one national NGO involved in sustainability issues: this will strengthen stakeholder dialogue and the exchange of experience between sectors.

Responsibility within the supply chain: coffee

Target

We are working towards a complete changeover from conventionally to sustainably produced coffee. 100 per cent of the raw coffee we use in our products should have transparent origins and be traceable right back to the field it was grown in. At the very least, this raw coffee should be validated in line with the 4C basic standard (Common Code for the Coffee Community) or with other comparable models (certified sustainability), and/or it should meet the requirements of the standards organisations Fairtrade, Rainforest Alliance, Bio or UTZ CERTIFIED (certified sustainability). In aiming for this ambitious target, we want to achieve the first milestone in 2015. We are also defining annual partial goals to be reached in the meantime.

Subgoals for 2011

For projects (Smartsource)

- Complete the Smartsource project in Kenya with certification, so that at least 30 per cent of the beans we use for our African Blue Privat Kaffee variety come from Rainforest Alliance Certified™ sources again as of end 2011. Since 2009, the necessary quantities were unavailable.
- Complete our two ongoing Smartsource projects in Guatemala: certification is the objective. As of 2012, 100 per cent of the beans we use for our Guatemala Grande Privat Kaffee variety should come from Rainforest Alliance Certified™ sources. This will be a huge increase: the figure is currently 30 per cent.
- Start an additional Smartsource project in Kenya to increase use of Rainforest Alliance Certified™ sources. The objective is to make a full changeover for our African sources of required raw coffee.
- Start a Smartsource project in Vietnam to increase use of 4C-validated sources. The objective is to generate sources of raw coffee so that we can make a full changeover from conventionally to sustainably produced coffee.

For products

- Changeover to coffee that is certified as 100 per cent sustainable for our Cafissimo range.
- Changeover of Privat Kaffee varieties to coffee from 100 Rainforest Alliance Certified™ sources. Due to a shortage of the necessary raw coffee from Africa, our African Blue, Vulkan and Perl products will initially contain a 30 per cent share of beans from Rainforest Alliance Certified™ sources.

Responsibility within the supply chain: consumer goods

Target

Regarding social issues and the global supply chain for consumer goods, we want all of our long-term strategic suppliers and their production sites as soon as possible to be included in our WE (Worldwide Enhancement of Social Quality) training programme. We will integrate about 500 strategic suppliers by the end of 2015, provided that we manage to recruit a sufficient number of coaches in the procurement markets and train them in the WE requirements. As part of an effectiveness analysis of the WE project, we will task Social Accountability International (SAI) with assessing the methods and means used. In addition, we will develop and test innovative solution models that guarantee the rights to join unions and conduct wage negotiations and deliver ethical pay rates for people working in Asia.

Subgoals for 2011

- Roll out the WE programme along the value chain: 75 strategic suppliers and production sites in Bangladesh and China are in the process of WE qualification.
- Social management system: finalising the concept for the issues of ethical wages and working from home. Taking up an initiative proposed by H&M, we will work with other retail companies to produce films explaining fire safety and what to do in the event of fire to workers and owners of textile plants in Bangladesh. These will be shown during special training courses at Tchibo suppliers' production sites.
- Implement a multi-stakeholder process with the objective of creating a backdrop of trust for joining unions and negotiating wages at production sites in Bangladesh. The following groups will be included: producers, national trade unions, employee associations, NGOs, the international umbrella organisation ITGLWF and Tchibo purchasers.
- Ethical wages: an analysis of possible effects on purchase and sales prices, purchase quantities and our position vis-à-vis competitors if we adjust pay to ethical levels.

Customers

Target

We will continue to do everything we can to strengthen our customers' trust in our company by means of focusing more on our customers' needs, delivering the very best in product quality and maximising consumer rights. We will engage in continuous dialogue with our customers so that we can address their needs and, as far as possible, adjust our activities accordingly. Tchibo supports climate-friendly and sustainable consumption. Transparent communication with consumers is a factor in this work, and we want to increase this further.

Subgoals for 2011

- Customer service: we will create a systematic and regular customer satisfaction survey on a national and international level in 2011. We will use this survey to identify issues we want to address and develop appropriate measures.
- Assessment of FCSR (First Contact Solution Rate) on a national and international level. We want to ensure that at least 90 per cent of all customer queries are resolved during the first contact.
- Data protection: expansion of our international data protection management system and incorporation of Eastern European sales subsidiaries.
- Launch online training programme for staff at Tchibo GmbH and German subsidiaries to generate awareness for responsible handling of personal data. All employees should have taken part in the course by 2013.
- Shops: modernise 53 of our approx. 800 Tchibo shops around Germany. We plan to start rebuilding all our German shops in 2012.
- Develop a training programme to enhance the advice skills of our shop staff in Germany.
- Customer dialogue and information: create and use selected social media platforms to encourage honest and constructive interaction with interested and critical end consumers.
- Expand communication and information for customers regarding sustainably manufactured products and all of Tchibo's main activities relating to sustainability.

Environment

Targets

Climate protection

- By 2015, we want our transport-related, tonnage-adjusted CO₂ emissions to be at least 30 per cent lower than the baseline figure from 2006 (Tchibo's first CO₂ reading) on a like-for-like basis.

Resources (cotton, wood and wood pulp)

- By 2015, a significant share of the cotton we use in our products should have transparent origins and be traceable right back to the field it was grown in. It should meet at least one basic sustainability standard, e.g. Cotton made in Africa, BCI (Better Cotton Initiative) or a comparable model (possibly still to be developed) such as BMP (Better Management Practices), IPM (Integrated Pest Management - certified sustainability). In annually selected products, the cotton will meet high multi-stakeholder standards, such as Organic Cotton, GOTS (Global Organic Textile Standard) and Naturtextil (certified sustainability). We cannot further specify this target at present, as the amount of sustainably produced cotton in the market is limited. Against this backdrop we are focusing on procuring more sustainably produced cotton and processing it in our products, contributing to encourage supply.
- By 2015, 100 per cent of the wood and wood pulp we use will meet our own FTS standard (Forest Tracing System - certified sustainability). Tropical and boreal hardwoods, magazine and other high-quality paper varieties, e.g. for advertisements, flyers etc., will meet the requirements of the FSC® (Forest Stewardship Council). Office paper will be made from recycled sources and bear the Blue Angel seal (certified sustainability).

Products and processes

- By 2015, 100 per cent of the products in our other ranges of consumer goods will meet the basic profiles laid out in Tchibo Umweltplus. Our Tchibo Umweltplus guideline uses five steps (from basic profile to innovations) to depict the integration of environmental requirements and Tchibo's quality standards.

Subgoals for 2011

Climate protection

- Goods transport: further development of the roadmap to reach our CO₂ reduction goal of 30 per cent ahead of schedule in 2012 (adjusted for sales and tonnage).
- Business trips: complete the changeover to fuel-efficient vehicles in our car fleet (including VW BlueMotion), thereby cutting the fleet's average CO₂ figure to a value below 130 g/km.
- Energy management systems: creation and implementation of energy management systems at three sites in Germany - at our HQ City Nord in Hamburg, at our roasting plants and at our logistics centre in Gallin.
- Continue existing projects (e.g. BIONOS) and implement new projects such as CPI2 (Carbon Performance Improvement Initiative) and Coffee & Climate to further improve climate friendliness in Tchibo's value chains.

Resources (cotton, wood and wood pulp)

- Despite a sharp increase in prices for unprocessed cotton, we will maintain 2010's level of validated and sustainability-certified cotton products: 3.39 million sold units that use Cotton made in Africa and Organic Cotton.
- Create our own system, e.g. CTS (Cotton Tracing System), for more transparency regarding unprocessed cotton's sources.
- Further specify our target for using cotton produced under ecologically and socially responsible conditions.
- Develop a 2015 roadmap for successively changing over from conventionally to sustainably produced cotton.
- Apply the FTS standard to all wood products.
- Join the Global Forest & Trade Network of the WWF (World Wide Fund For Nature).
- Create the foundations for fully changing magazine paper to FSC®-approved sources (Forest Stewardship Council) and changing office paper to recycled paper with the Blue Angel seal in 2012.

Products and processes

- Finalise our Tchibo Umweltplus requirement profiles for improving the environmental qualities of our other products and processes; start integration with Tchibo's quality standards.

Staff

Target

1. We want to strengthen and develop our corporate culture, and we will therefore continue to support the career development of all our employees and programmes to raise their skills levels. The Human Resources Development unit was set up in HR at the beginning of 2011. It aims to promote personnel development and training.
2. Since 2010, we have been the first nationwide retail company in Germany to receive certification as a family-friendly company from the berufundfamilie foundation. We agreed a plan of action with the foundation and have since then been implementing it step by step. By our target year 2015, we will improve the work-family life balance for all Tchibo employees regarding issues such as childcare and caring for family members.
3. We will support the retention of voluntary social programmes even if the economic climate deteriorates - it is our way of acknowledging the work and commitment of our employees.

Subgoals for 2011

- Employee engagement: prepare an employee survey we want to carry out in 2012.
- Introduce Tchibo's management dialogue to help managers establish systematic interaction with their staff and develop pragmatic solutions to improve their management skills and strengthen cooperation.
- Workplace safety: We will create an occupational safety handbook for our City Nord location.
- Expand targeted, health-promoting measures to further advance a comprehensive health management system at Tchibo. Integrate measures relating to the prevention of burnout and raise management's awareness of this condition.
- Career and family: we will continue to support working parents, for instance by creating ten more children's daycare places at playschools run by Hamburg's daycare association, Vereinigung Hamburger Kindertagesstätten. The first places will be available as of January 2012. We will also promote the compatibility of family and career in other areas: There will be a substantial improvement regarding care for family members who require attention - we will create a concept that includes key information about care for the elderly, legal issues associated with healthcare provision, care services, jobsharing, part-time managerial positions, sales rep work and part-time work.
- Part-time managerial positions: introduce part-time work for management staff as part of a company agreement.
- Social benefits: We want to retain our voluntary social benefit schemes even if the economic environment should deteriorate.
- Internal social responsibility: revise the framework and extent of our corporate retirement provisions. We plan to launch this in 2012.

Society

Target

As part of our activities within the changeover from conventionally to sustainably produced coffee and cotton production, we want to launch at least 20 education projects.

Subgoals for 2011

- Continue the schools project we began in Benin in 2010 as part of our Cotton made in Africa activities. At least 30,000 school uniforms and 10,000 books for primary school children will be provided by 2013. Other measures include the construction of six new schools, installing electrical connections or solar energy at ten schools, and creating and fitting out ten school canteens, complete with their own vegetable gardens and wells for drinking water so students have a good nutritional supply.

- Start a collective project in Kenya as part of our Smartsource activities for developing and procuring raw, Rainforest Alliance Certified™ coffee. The project will strengthen the role played by farming women in society, especially by means of educational opportunities and helping them access additional sources of income.
- Continue our project in Guatemala as part of our Smartsource activities for developing and procuring raw, Rainforest Alliance Certified™ coffee. The project focuses on age-appropriate care and educational opportunities, in particular for migrant labourers' children. This will give them an alternative to helping their parents on the coffee harvest and contribute to implementing the ILO's key work standards (ILO = International Labour Organization).

Strategy and goals / Milestones

Looking back at our progress

The work Tchibo has done itself to develop its corporate responsibility activities.

From the introduction of a binding social code of conduct for our suppliers to the inclusion of green energy products in our product range, we have made good progress over the past few years with our plans to establish a environmentally and socially responsible business model. This document outlines a summary of the most important developments and milestones in this story.

2004

Introduction of our Social Code of Conduct (SCoC) for suppliers (April 2004)

In April 2004, we launched Tchibo's SCoC, which forms the foundation for the conduct we expect from our consumer goods suppliers with regard to social issues. This code of socially responsible conduct is based on the internationally acknowledged core labour standards issued by the International Labour Organization and on the United Nation's Universal Declaration of Human Rights, and SA8000 is the most important standard. The code is part of our contracts with suppliers and is therefore binding for the companies everywhere if we want to source consumer goods from them.

2005

Inspection and fundamental overhaul of processes to enhance social standards in our consumer goods' supply chain

Inspired in part by a highly effective publicity drive carried out by the Clean Clothes Campaign, we took another look at our process for guaranteeing social responsibility in our consumer goods' supply chain and decided to overhaul the entire procedure at the end of 2005. Our activities focused in particularly on revising our Social Code of Conduct (SCoC) so it was in line with all of the requirements outlined in the relevant conventions of the International Labour Organization (ILO).

2006

Incorporating the basics of corporate responsibility into our business activities (April 2006)

In April 2006, we created our Corporate Responsibility Department: its consultants provide Tchibo's staff with support for their work to systematically restructure the company's business activities along ecologically friendly and socially responsible lines. The unit reports directly to the CEO and works together with our Corporate Communications Department as a source of information and point of contact for stakeholders.

Revision of the Social Code of Conduct (SCoC) for suppliers (April 2006)

We overhauled our SCoC once more in April 2006. The main changes affected the requirement of written contracts for employees and the limitation of the working week to 48 hours. In addition, the new SCoC makes a direct reference to the different source ILO conventions so that everybody concerned understands the underlying requirements in full.

Membership of advisory board of Social Accountability International (SAI)

Membership of SAI enables us to continuously share and exchange knowledge and experiences relating to supply chain social issues with our most important international socially engaged stakeholders. We also see to it that SAI now conducts an annual review of our management systems to check their fitness for purpose and flexibility. These checks represent an important inspection by an external supervisory body.

First sustainable coffee products in Coffee Service (June 2006)

Tchibo Coffee Service was founded in 1972 and supplies up to 4 million cups of coffee every day to international commercial customers and large customers in the restaurant and hotel business as well as in offices and catering. In June 2006, we launched the Vista brand for the first sustainable coffee varieties in our range of out-of-home products for customers. Our Vista Brazilian, Vista Dark Roast and Vista drinking chocolate are products that have been given fair trade seals, and our Vista Espresso has received both Fairtrade and organic product certification. Now, at least 30 percent of the coffee beans that go into our Piacetto brand products are produced on farms certified by the Rainforest Alliance.

Participation in the Logistics Towards Sustainability project (LOTOS) (November 2006)

From November 2006 until May 2009, Tchibo was a partner in the Logistics Towards Sustainability (LOTOS) project. LOTOS was established by TU Hamburg-Harburg and backed by Germany's Federal Ministry for the Environment. During the project, the processes in Tchibo's procurement and transport chain were evaluated for resource use, climate impact and possible optimisation opportunities, and options for implementing changes were worked out along with definite measures to cut transportation-related CO₂ emissions. Since concluding this joint project, Tchibo has continued LOTOS, aiming to reduce our CO₂ emissions by 30 percent by 2015, compared to our figure in 2006.

2007

Introduction of the Code of Conduct for employees (July 2007)

In July 2007, we introduced a code of conduct for our staff so that Tchibo employees around the world could adhere to ethical business practices, develop fair workplace habits and avoid infringing any laws. The codex contains a list of different basic regulations for working together with our business partners and has since its creation served as a guideline and source of inspiration and advice for our employees. Tchibo staff can report any infringements to an independent ombudsman.

Introduction of WE project together with GTZ (today GIZ) (September 2007)

In September 2007, Tchibo and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) (today GIZ: Deutsche Gesellschaft für Internationale Zusammenarbeit) set up the World Enhancement of Social Quality (WE) project. Plant owners and managers, employees and their labour representatives, purchase staff at Tchibo - all of the project participants are involved in a dialogue with each other so they can together make impressive progress regarding people's working conditions at the participating production sites in China, Bangladesh and Thailand. After the successful completion of the pilot phase, the project was then expanded to cover other production sites. It is funded by Germany's Ministry for Economic Cooperation and Development.

2008

100 per cent electricity from renewable sources (January 2008)

Since 1 January 2008, our German headquarters, roasting facilities and warehouses only use green electricity. At the start of 2009, we switched almost all of our German shops to green electricity. This means that 100 per cent of the electricity bought for these locations is now produced by renewable power resources.

Participation in the Product Carbon Footprint (PCF) pilot project (April 2008)

In 2008 and 2009, Tchibo took part in the German pilot project Product Carbon Footprint (PCF). The project is overseen by the WFF, Germany's Öko-Institut, the Potsdam Centre for Climate Impact Research and the THEMA 1 initiative, and one of its goals is calculating the product-related CO₂ footprint of different consumer goods. Tchibo has kept up this good work by joining in the follow-up project, Plattform Klimaverträglicher Konsum (Platform Climate Compatible Consumption).

Cotton products from Cotton made in Africa and Textile Exchange (June/October 2008)

Since autumn 2008, Tchibo's weekly product campaigns have included items made with cotton from two programmes: Cotton made in Africa and Textile Exchange. The former is a project managed by the Aid by Trade Foundation, and its target is to improve the revenues and sales opportunities of cotton growers from Benin, Burkina Faso, Mozambique, Ivory Coast, Malawi and Zambia. Organic cotton articles use cloth produced in line with the internationally acknowledged standards of the NGO Textile Exchange.

Sustainability-approved coffee products in our range (May 2008)

Since May 2008, Tchibo has stocked an extensive range of coffees that bear the seals of organisations such as Fairtrade, Rainforest Alliance and Bio - all of which prove that these products meet sustainability standards. These coffees are produced and traded in accordance with the standards' requirements, and since 2008, all Privat Kaffee blends and our Fresh Harvest products have carried the Rainforest Alliance seal. In June 2008, our BioGenuss product was our first coffee to win the organic seal, and in October 2008, we included our first Fairtrade-approved espresso blend in our shops' range of products.

Publishing our first sustainability report (December 2008)

In December 2008, we produced our first sustainability report at Tchibo and made it available online. The report contained our first in-depth, transparent account of our activities regarding all of the most important sustainability issues. The Global Reporting Initiative audited our report about sustainable development in December 2008 and awarded it an A, the highest grade possible. Since then, we have issued a sustainability report every year.

2009

Certification in line with FSC (August 2009)

In 2009, Tchibo became the first major German retail company to obtain certification for its wood and paper products in accordance with the very demanding Forest Stewardship Council (FSC) standards. As part of our cooperation with FSC, we initiated a project to expand our sustainability-related activities to cover the products and packaging we purchase as well as any materials we use made out of FSC-certified paper and wood.

Signatory of the Global Compact (November 2009)

On 18 November 2009, Tchibo signed the UN's Global Compact as a demonstration of its commitment to the Global Compact's ten core principles regarding human rights, labour standards, environmental protection and anti-corruption measures and to their inclusion in our business processes. We publish our CoPs in line with our cycle of sustainability reports.

Creating a holistic data protection management system (June 2009)

Starting June 2009, the issue of data protection has been an integral feature of Tchibo's processes through an extensive management system. Since then, our data security officer has overseen the activities of cross-unit taskforces dedicated to handling different data security matters. Each department at the company has coordinators who help identify data security issues early and make sure that protecting data is anchored as a core feature of all of our processes.

Expansion of sustainability system to cover sales companies in Eastern Europe (July 2009)

In 2009, we started expanding our existing sustainability management system step by step to include our Eastern European subsidiaries. The first step saw us draw up a mission statement for our Eastern European subsidiaries based on our Tchibo DNA, and it also incorporates objectives outlined in our corporate strategies Stärken stärken 2010 and Zukunft braucht Herkunft. We devised a sustainability management system to implement our targets in our day-to-day business in these countries, and we started putting it into place in 2010.

Tchibo Coffee Bars: sustainably produced coffee blends are all we use

Since the end of 2009, our Tchibo Coffee Bars throughout Germany and Switzerland only use certified coffee blends for our caffeinated coffee beverages and specialties. The beans that go into our espresso-based specialties bear the Fairtrade seal of approval, while our filter coffee uses beans grown on farms certified in line with the Rainforest Alliance's standards.

2010

Membership of the Ethical Trading Initiative (ETI)

Our project-oriented participation in ETI has seen us cooperate with relevant social stakeholders to lay the groundwork for solutions to particular challenges relating to social responsibility issues that arise within the supply chain of consumer goods. Topics we have looked at in this context include living wages, freedom to join trade unions and the right to negotiate wage levels.

Campaign week: Helping you save money by setting a green example (August 2010)

In August 2010, we dedicated an entire week's campaign to the topic of efficient resource use within the home. Under the motto Helping you save money by setting a green example, we assembled an extensive range of consumer goods that enabled our customers to cut domestic water and energy consumption while at the same time reducing CO₂ emissions. These products included timer switches, digital radiator regulators and accessories for cutting water consumption. We also provided customers with additional help and gave advice, without obligation, about how to cut energy use.

Adding green energy products to our range (October 2010)

Since October 2010, Tchibo has been able to offer its customers green electricity generated 100 percent from hydroelectricity, and in January 2011, we also started selling electricity generated by climate-friendly natural gas. These two products in our range have enabled our customers to go green and changeover to climate-friendly and future-proof sources of electricity.

Helping people help themselves: school project in Benin

Tchibo's involvement in the Cotton made in Africa programme included a school project we started in Benin in 2010. Working together with the Aid by Trade Foundation, the German Society for International Cooperation (GIZ), the German Investment and Development Organisation (DEG) and our local partners in Benin, our aim is to upgrade the schools infrastructure and quality of education in regions where the Cotton made in Africa project is active. In 2010 alone, we were able to provide 10,000 children with uniforms. We hope to build seven schools in six different localities, and the project will run until 2013.

Coffee projects in Guatemala and Kenya

We provide support for coffee farmers so they can make the changeover from conventional to responsible coffee-growing methods. We set up two projects in 2010 which have attracted ten coffee farmers from Guatemala and 13,000 small-scale growers from Kenya who form a cooperative: the members of our project are now preparing their businesses for certification in line with the Rainforest Alliance's standards.

Responsible business practices



At Tchibo, corporate governance unifies ethical business practice with economic success. We would like to securely tie this principle to our everyday business through various structures and processes.

Ethical business practices, economic success

How Tchibo takes responsibility for sustainable growth and uses opportunities.

As a company operating on a global scale, Tchibo takes responsibility for sustainable development. We are convinced that lasting value can only be created by pairing ethical behaviour with business competence. We can only continue to successfully run our business in the future if our business practices do not harm people or the environment. We work hard every day to realise a value-oriented business management system and monitor this system by means of efficient structures and processes.

Our success is built on the trust our business environment places in us. Customers, business partners and governmental and non-governmental organisations know that we want to create lasting value and that we base our actions on the principles of good and responsible business management. This is our Corporate Governance concept.

Responsible business practices for sustainable growth

Tchibo GmbH is a complete subsidiary of maxingvest ag, which bases its sustainable growth efforts on a value-oriented management system. We want to use our unique business model in the future to qualitatively and emotionally reinforce the brand. Therefore, sustainability has been an integral part of our corporate strategy since 2006 and is an indispensable component of our business activities.

Management bodies work together efficiently

The Management and Supervisory Boards at Tchibo GmbH and maxingvest ag cooperate closely and intensively with one another. Tchibo's Management Board regularly provides timely and comprehensive reports to the Supervisory Boards, covering all relevant questions of business procedure, our business performance and the company's current risk situation.

Our corporate communication - open and transparent

Our open and active corporate communication system allows us to provide comprehensive information to our societal stakeholders. At the end of each business year, Tchibo GmbH issues a sustainability report, describing its environmental and social achievements, and maxingvest ag integrates the subject of sustainability into its annual report for the Tchibo and Beiersdorf subgroups.

We use various structures and measures to ensure that our corporate governance concept is alive in the company each and every day, that we recognise possible risks early on - and that we create trust.

Following rules, preserving trust

How Tchibo makes ethical principles an integral part of daily business.

Tchibo is convinced that long-term success will only be possible through sustainable operations. Ethical business practices, fairness and uncompromising compliance with all legal requirements are all top priorities for us. The structures and processes in our corporate governance system enable us to ensure that our employees, suppliers and other partners are committed to our principles and that we can counter any deviations from them promptly.

Our Code of Conduct (CoC) serves as the key guideline for our business operations, outlining 13 principles and values of ethical business practice and good business conduct. Since 2007, the CoC has applied to for all employees of Tchibo GmbH and its subsidiaries. Violations can lead to sanctions as provided for under occupational law. Our suppliers are required to follow the Social Code of Conduct (SCoC).

The Code of Conduct is an integral element of our company

Management makes sure that the Code of Conduct's principles and ethical values are regularly communicated to all company employees in an appropriate manner. Aside from acting as role models, all members of management with disciplinary responsibilities are duty bound to make sure that the Code of Conduct is firmly rooted in employees' awareness and that they are following its rules. Every line manager is responsible for ensuring that all employees in his or her area of responsibility understand and comply with the rules in the Code, and each new employee is trained to understand Tchibo's policies and receives a copy of the Code of Conduct.

Data protection is part of our Code of Conduct

In 2010, the Code was modified once again, primarily to address the specific issue of data protection. A policy is now in place to regulate all measures protecting our employees' and customers' personal information.

New whistleblower hotline makes anonymous complaints possible

When in doubt regarding the legal, ethical or moral conformity of their own or someone else's business conduct, our employees can turn to their supervisors, the personnel department, or the works council at any time for information. Anyone who wishes to remain anonymous is invited to use the whistleblower hotline, which we established in 2010 to replace our ombudsman's office. Through the hotline, employees can report violations to the ombudsman council, an internal committee consisting of the directors of maxingvest ag's internal audit service, Tchibo GmbH's legal and personnel departments, and Tchibo GmbH's works council chair. The ombudsman council initiates investigations if necessary. The anonymity of the whistleblower remains intact and this clearly defined process leads to a recommendation for action appropriate to the situation.

Responsible business practices / Risk management

Early warning, lasting success

How Tchibo promptly identifies and tackles integral management risks.

Fluctuating exchange rates, saturated markets, damaging news reports - just like every other company, Tchibo is subject to outward influences which can result in risks for business. Currencies with changing external values can increase prices for raw materials, negatively influencing our business targets. Our integrated risk management system puts us in a position to identify challenges early on and to take appropriate action.

We cannot rule out all risks from the outset, but we can minimise them. It is the responsibility of our risk management experts to regularly identify all risks facing our business and to then initiate appropriate measures to limit these risks. The hazard that comes with changing market prices, for example, can be diminished through intelligent derivatives and market reach policies, while an innovative product strategy prevents sales risks.

Standardised, networked and integrated into all business processes

Risk management is an important tool for successful business management, ensuring that risks are reported, analysed and evaluated. External, performance-related, financial and organisational risks are all considered, enabling us to make decisions with knowledge of the risks involved and to take advantage of opportunities. Our risk management experts immediately report information about acutely threatening risks to management. Current knowledge about risk development has an ongoing influence on our management and planning systems.

From inventory to reporting: The five steps of our risk management system

Aside from carrying out ongoing risk surveillance to detect defined early warning indicators and our efforts to identify new risks via the departments, we also have a structured risk management process, which we trigger each year to holistically document, analyse and communicate our risk position to management bodies. This process is organised into five stages.

- 1. Risk inventory:** We first conduct structured interviews and email enquiries to identify and compile the risks facing the company. Based on this information we then create a "risk inventory", which lists and describes all identified risks, measures to counter these risks and early warning signs.
- 2. Risk evaluation:** The departments responsible in each case evaluate the risks identified qualitatively ("expert assessment") or quantitatively ("calculation"). Finally, the overall risk position is calculated.
- 3. Validation:** The Management Board checks the validity of the risk inventory.
- 4. Planning/Annual financial statements:** Risks which have been identified and evaluated are integrated into planning ("top-down briefing") and into the annual financial statements ("provisions").
- 5. Risk report:** The risk inventory is updated, that is, the risks taken into account in planning and in the annual financial statements are eliminated.

By dovetailing the risk inventory and planning processes, we are continuously developing risk management at Tchibo, fostering consciousness of risk throughout the company. It is crucial that our risk management system is not focused on standardisation or formalism. Instead, the system thrives on communication and on the information provided by every person and function in the company. The long-term success of our risk management system does not depend on how efficiently it is managed, but rather on how each and every employee in the company lives by it in everyday business.

The greatest risks - and how we face them

We are subject to the typical risks facing retailers, in particular the risk that individual markets will become saturated, which can lead to stagnating or declining sales. We face this danger with innovative product policies, but we also need to carefully monitor the possible risks associated with purchasing our raw materials and products internationally. This applies to coffee as well as to our consumer goods. For instance, we counter any price fluctuations in the base value of coffee with effected futures transactions which follow strict guidelines and with an effective market reach policy. Our partner maxingvest ag minimises currency risks related to purchasing consumer goods, especially US dollar currency fluctuations, within the scope of managing financial risks.

Keeping prices constant - and openly communicating price increases

We want to keep the price of raw coffee as stable as possible and even out short-term price fluctuations by means of futures transactions and an intelligent market reach policy. However, like our competitors, we cannot prevent long-term price increases. In the case of necessary price increases, our policy of open communication is in the foreground of our risk management system.

At the beginning of 2011, the price of high-quality raw coffee increased dramatically. Speculation in the commodities market was a contributing factor. Suddenly, Arabica coffee was as expensive as it had been 14 years earlier. However, staying true to our quality promise, we continued to exclusively use Tchibo Arabica for our Tchibo brand products. As a result, we were forced to raise our coffee prices as of 28 February 2011. We informed consumers about our processes and the associated price increases early on in an open letter.

Protecting the value of our brand through quality control and honesty

The value of a brand is also subject to risks. Our customers associate the Tchibo brand with a friendly image, expert knowledge and quality. This is a point of pride for the company, as well as an obligation. It is essential for us to keep our customers' trust in stability of our values, for these values are the basis of our success. Incidents that could harm the Tchibo brand name pose a great risk. We keep brand risks at a minimum through meticulous quality control, comprehensive measures to ensure compliance with environmental and social standards, and open, honest communication.

Such a risk to the brand occurred with regard to the issue of child labour to harvest raw coffee in source regions. In 2010, there were reports in the media about cases of child labour used in coffee production. These stories created the impression that Tchibo purchased coffee from the farms in question, thereby indirectly tolerating or even supporting child labour. Reports like these can seriously damage our brand's reputation. In the case of one specific film, we were able to prove to the media representatives concerned that we had not purchased any raw coffee from these farms. We wrote to and held face-to-face discussions with editors and responsible parties, outlining the basic problem of child labour in developing countries' agricultural systems and describing the measures that we take as a company to prevent this problem. Although the film was broadcast, it was in a much more moderate form, limiting the damage to our brand's reputation.

Stakeholder



Customers, employees, trade unions, civil society and politics - our business activities touch the interests of a huge number of people. We rely on in-depth dialogue with our social stakeholders to live up to the diverse expectations these groups have of us.

Open, honest, results-oriented - dialogue with our stakeholders

How Tchibo keeps the lines of communication with its societal environment open.

Tchibo operates at the centre of society. Our everyday activities put us in contact with numerous people and organisations within and outside the company. We want to meet their diverse expectations and demands to the greatest possible extent and place their needs at the centre of our actions. This is why we actively initiate open and honest communication with our employees and their representatives, our customers, suppliers, other business partners, non-governmental organisations (NGOs), banks and policymakers.

Our customers value top quality for fair prices. Like NGO representatives, they also expect us to establish socially responsible working conditions in production countries and to make sure we are protecting the environment. Our employees are just as interested in the social security benefits we offer as in questions of pay and promotion.

Tchibo's significant stakeholder groups



Ongoing communication with stakeholders within and outside the company

To make continuous improvements, we need to keep up a close and ongoing dialogue with individual stakeholders within and outside the company. These include our customers, employees and their (union) representatives, suppliers and other business partners, NGOs and governmental organisations, consumer protection organisations, research establishments, banks and insurance providers. We measure the success of our corporate responsibility activities by the way representatives of these groups rate us.



Dieter Overath

CEO of TransFair e.V.

"Tchibo and Transfair are united in the common goal of getting fair trade coffee out of its niche market and making it accessible to a wider market. Coffee farmers from the south will reap the greatest benefits from this."



Tensie Whelan

President, Rainforest Alliance

"We want to support coffee farmers in taking a first conscious step towards sustainability and to motivate them to continue following this path in the future. We have already achieved a great deal through our work in the countries where coffee originates - 62 million hectares of sustainably managed land and improved living conditions for approximately 2.5 million people who live there. Tchibo's efforts have been a great help to us, to nature and to coffee farmers."

Identifying problems, taking decisive action

We enter into relevant and specific dialogue with our stakeholders so we can approach such complex issues as human rights, working conditions, environmental protection and the struggle against corruption in the depth they demand and with a focus on getting results. Our stakeholders' concrete expectations form the basis of our agendas. What problems need to be solved? Who do these problems affect? Internal analyses help us to identify the demands coming from our societal environment. Issues Management in the Corporate Responsibility department supplies us with additional information about societal expectations and trends, ensuring we cover all relevant fields.

Dialogue on an equal footing

Dialogue formats with thematic focal points have proven to be especially useful. This communication method allows us to address specific problems, for example in our supply chain, and to bring those representatives of stakeholder groups who are most familiar with the issue at hand to the table. Additionally, multi-stakeholder organisations support our most crucial projects.

Within the scope of our "WE" social qualification programme, we held an international stakeholder conference in Berlin and presented the results of the "WE" pilot project and an external impact analysis for discussion. We gained significant insights from this conference, which we will be using to expand the project with consumer goods suppliers starting in 2011.

Overview of the most important requirements of our stakeholders

Stakeholder group	Topics	Communication channels	Our activities
Customers	<p>Our customers want good value for money and excellent service. They are also increasingly interested in whether products were manufactured under environmentally and socially responsible conditions. We are noticing an increasing demand for coffee, textiles and wood products that are produced and traded according to sustainable standards. Open and honest communication is also important to our customers.</p>	<p>We interact with our customers on many channels. Most of our feedback reaches us through our shops, especially from face-to-face contact between our shop staff and customers. In addition, our central Customer Services department and regular analyses of consumer groups provide us with valuable information about how to improve our products and processes. Surveys on sustainability at Tchibo round off our customer communications and help us to assess their expectations regarding our sustainability performance.</p>	<p>Please find out more about how we meet our responsibility towards our customers in the section „For our customers“.</p>
Employees	<p>Our employees' commitment, experience and expertise are the very basis of Tchibo's success. They want Tchibo to maintain its range of social benefits.</p> <p>Our employees not only support our taking corporate responsibility, but actually demand it. We in turn expect our employees to comply with the Code of Conduct in all business activities, and to show loyalty to the company.</p>	<p>We cultivate a corporate culture of openness and communication. Our employees cooperate closely on projects and give and receive regular feedback.</p>	<p>Please find out more about our activities relating to our responsibility to our staff in the section „Employee benefits“.</p>

Stakeholder group	Topics	Communication channels	Our activities
<p>Suppliers and business partners</p>	<p>Our suppliers and business partners expect fairness in our business relations. We expect reliability from them - including regarding our environmental and social requirements.</p>	<p>The relationship with our suppliers and other business partners is governed by contract. It is important to us to maintain a partnership with our suppliers and other business partners that is as fair and durable as possible. Only in this way can our co-operation be successful in the long term.</p>	<p>Please find out more about how we fulfil our responsibility to our suppliers and other business partners in the section „Responsibility supply chains“.</p>
<p>Non-governmental organisations</p>	<p>Non-governmental organisations (NGOs) work towards ecological and social progress in society. They call on companies, including Tchibo, to commit themselves to environmental protection and the enforcement of social standards in the supply chain. They are increasingly demanding that we offer sustainable products and promote sustainable consumption.</p>	<p>Joint projects with NGOs are the most effective form of communication. We also regularly exchange ideas with these organisations.</p>	<p>As part of our WE project we work with NGOs like Social Accountability International (SAI). We partner with the Potsdam Institute for Climate Impact Research and the Öko-Institut in the „Product Carbon Footprint“ pilot project. We are also involved with numerous social organisations which various national and international NGOs are members of. We also work closely with NGOs as part of our social commitment.</p>
<p>Government organisations</p>	<p>Government organisations are particularly concerned about compliance with laws. They also expect companies to participate in voluntary initiatives for integrating environmental and social standards in business.</p>	<p>For government Organisations, too, joint projects are the most effective form of communication.</p>	<p>One of our partners in the WE project is the Federal Ministry for Economic Cooperation and Development (BMZ). In the LOTOS logistics project, one of our partners is the Federal Environment Ministry. International governmental organisations are particularly involved in the 4C, Rainforest Alliance, Fairtrade and Bio (organic) standards</p>

Stakeholder group	Topics	Communication channels	Our activities
			<p>systems which we apply in the coffee sector. The same goes for the Forest Stewardship Council (FSC), Organic Exchange and Cotton made in Africa standards systems in the field of consumer goods.</p>
<p>Trade unions</p>	<p>Unions are committed to our employees' interests. National and international unions call for the enforcement of social standards in the supply chain.</p>	<p>The trade union ver.di is represented on our works council. For trade unions, joint projects are also the most effective form of communication. We discuss ideas about regulating worker participation with trade unions and through our membership of Social Accountability International. International trade unions are also involved in most of the standards systems we use.</p>	<p>We ensure compliance with legal and ethical behaviour through various codes and implementation programmes. They apply equally for our employees and our suppliers, as well as the latter's production plants and business partners.</p>
<p>Consumer protection associations</p>	<p>Our customers want to buy products that deliver what they promise. Consumer protection agencies work to ensure a reasonable price-to-performance ratio. Customers should not be deceived by product advertising, promised standards of service must be adhered to, and complaints should be handled professionally.</p>	<p>Since 2007, we have commissioned the German Institute for Market, Environment and Society (IMUG) in Hanover to advise us, particularly on the marketing of complex services through Tchibo plus and, to review our customer services including complaints management.</p>	<p>Please find out more about how we meet our responsibility towards customers in the section „For our customers“.</p>
<p>Science</p>	<p>Cooperation with scientific institutions is indispensable for Tchibo. During the reporting period, we benefited from science especially</p>	<p>Joint projects are also the most effective form of communication for science.</p>	<p>Technical University of Hamburg-Harburg is one of our partners in the LOTOS project for optimising transport to reduce CO₂ emissions.</p>

Stakeholder group	Topics	Communication channels	Our activities
	in the optimisation of our transport activities and climate protection measures.		
Banks and insurance companies	As credit and insurance providers, banks and insurance companies are interested in long-term economic success and low risk. These goals help us by requiring a sustainable alignment of the company.	Regular (annual) risk inventories by the Central Controlling Department help us to identify, minimise and avoid risks.	Business risks from the social environment are classified as a „medium risk“ by the Central Controlling Department. Our sustainability management, including the implementation of actions, help us to considerably reduce the risk. The goal is to classify it as „low risk“.

International



As a globally active company, we place sustainability at the heart not only of our business activities and processes in Germany, but also of our core international sales and growth markets.

Responsibility transcending borders

How Tchibo gives sustainable courses of action a firm place in all countries where it is active in sales.

Tchibo has made sustainability an integral part of its corporate strategy "Building Our Future on Tradition" and takes decisions on its business activities in accordance with and in consideration of economic, environmental and social issues. It goes without saying that this is as true for our subsidiaries in Austria, Switzerland and Eastern and South-eastern Europe as it is for Germany. The growth of our business in these markets gives rise to a corresponding growth in our environmental and social responsibility in these areas. It is for this reason that we began in 2009 to take steps to include our subsidiaries in Eastern and Southeastern Europe in our existing sustainability management system

In 2010, the expansion of our sustainability management was able to record successes at our subsidiaries in Poland, Romania, Russia, Slovakia, the Czech Republic, Turkey and Hungary. We have ambitious targets in place which we will be pursuing in the next few years.

Mission: sustainability

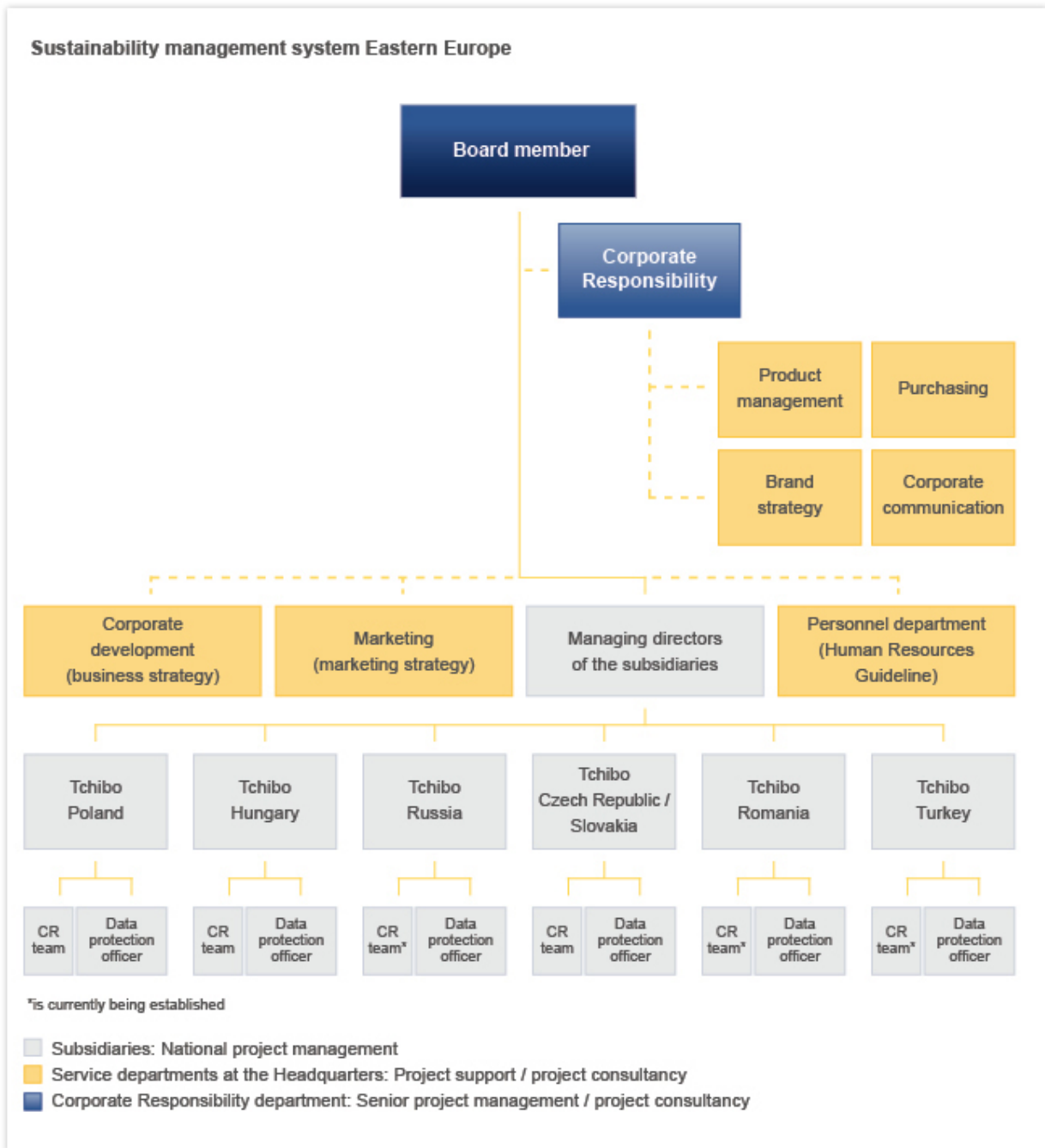
Our eastern European subsidiaries have a mission statement based on the „Tchibo DNA“ and deriving from our corporate strategy „Strengthening strengths 2010“ and „Building Our Future on Tradition“.



To the end of its implementation, we have developed a sustainability management system adapted to these regions; we began to introduce it in 2010.

An international team coordinates all sustainability activities

Our central HQ in Hamburg acts as a centre of coordination for the sustainability activities we are undertaking in eastern Europe and as a point of support for employees in the subsidiaries. In undertaking these tasks, the Corporate Responsibility department works closely with the Board member in charge of eastern Europe and the managing directors of the subsidiaries in the countries concerned. Together, these people form the management team. Since the beginning of 2010, our Romanian subsidiary has been acting independently, and as such our Romanian managing director is also a member of the management team. This inter-country team receives support from the following central departments: corporate communication, legal, corporate development, HR, product management, purchasing, and sales.



Responsible for responsibility: sustainability experts on the ground

Realising the key overarching objectives set out in the mission statement for our eastern European subsidiaries and putting the measures derived from them into action requires operational support from motivated and knowledgeable employees. We have appointed people to act as central points of contact in Poland, Slovakia, the Czech Republic and Hungary and have given them thorough training, a key part of which involved workshops on “Corporate Responsibility at Tchibo”. Further training events which take account of the requirements placed on the various departments and decision-makers are on the agenda for 2011.

Additionally, the central points of contact in the various countries have begun self-study courses in diverse aspects of sustainability management.

The subsidiaries in Romania, Russia and Turkey will appoint and train central points of contact for sustainability in 2011. After this, we will form sustainability teams alongside the introduction of the sustainability programmes we are currently developing.

We have scheduled the integration of sustainability targets into individual target agreements for employees who are involved in implementing sustainability activities to take place in 2012.

Country-specific sustainability programmes: the heart of the management system

The sustainability programmes we are currently developing and setting up will prove tools of decisive importance for the operative implementation of Tchibo-wide sustainability targets in Eastern and Southeastern Europe. We make sure that the programmes take the specific conditions in and needs of the individual countries into account.

Our primary focus in developing the sustainability programmes, a project we embarked on in 2010, is working towards targets and measures which are within the individual countries' sphere of influence. This largely encompasses environmental and societal activities with relation to the administrative sites and Tchibo shops.



Wioletta Rosolowska

Board member, Tchibo GmbH

„In 2010, we continued our energetic efforts to integrate sustainability firmly into our business activities in Central and Eastern Europe. I am proud of our achievements especially with regard to the materiality analysis of sustainability action fields in the different countries as well as our employee training activities. I am also acutely conscious of the tasks ahead. For example, the development and implementation of the national sustainability programs will be a decisive step for 2011. We are determined to keep sustainability at the top of our priorities.“

In Eastern and Southeastern Europe, the public consciousness associates sustainability particularly closely with involvement with charitable causes, and people expect companies to act accordingly; therefore, charitable involvement is a key part of sustainability management in these countries. Sustainability measures related to products, which of course are at the centre of our business, and to the processes associated with them are managed centrally from Hamburg, according to one standard.

We have taken a first step by conducting workshops with the members of staff in charge in Poland, Hungary, the Czech Republic and Slovakia, in which we identified relevant focal issues and out of which emerged the following specific areas for action:

- Saving resources and energy in administrative offices and Tchibo shops
- Strengthening employees' rights
- Customer orientation in complaints management, data protection and promotion of sustainable consumption
- Stakeholder dialogue and inter-sector communication on sustainability
- Strategic involvement in good causes (charity)

We plan to adopt sustainability programmes for all subsidiaries in eastern Europe in 2011.

Initial successes on the ground

The following passages are intended to give you an overview of the sustainability successes we have already been able to record in our sales markets in Eastern and Southeastern Europe.

All geared up for sustainable product ranges

We plan to introduce sustainable coffee products and switch our coffee bars to sustainable qualities during 2011. To this end, 2010 saw us lay the foundations for a successful certification of our Eastern and Southeastern European country subsidiaries to Fairtrade, Bio (organic), Rainforest Alliance and UTZ Certified standard. We were able to transfer our existing processes for auditing and approval for use of the seals to our subsidiaries in eastern Europe, adapting them accordingly. In other words, we are perfectly prepared for the group certification to the above-mentioned standards which is on the agenda for 2011.

Since 2010, we have been selling our ranges of sustainably produced consumer goods (particularly Organic Cotton, Cotton made in Africa and certified to FSC®) in all our sales markets in Eastern and Southeastern Europe. In the course of the coming year, we will undertake preparations, as in our coffee business, for group certification or verification to the above standards.

Everyone plays by the same rules: Our employee code of conduct is international

In 2010, we incorporated the Tchibo Code of Conduct into the Human Resources Guideline for Eastern and Southeastern Europe, making it an integral part of the guideline, which has been analysed and found to be based on and take account of all relevant International Labour Organization (ILO) conventions.

And everyone has the same rights: Data protection and service across country borders

We have internationally valid data protection guidelines. All subsidiaries of Tchibo GmbH have appointed data protection officers, all of whom have been trained for their task - the coordination of data protection activities in the relevant country. The central data protection officer at company headquarters in Hamburg monitors data protection management and ensures it functions smoothly.

A project, kicked off in 2010, to internationalise our service standards has now concluded successfully, with the result that all customers can now place their trust in the same Tchibo service promise, with only occasional negligible variations where necessitated by national laws or competition regulations. In 2012, we plan to set up a unified complaints management system for Eastern and Southeastern Europe.

Setting a good example: Tchibo Poland

In 2010, Tchibo Poland received the Environmental Partnership Foundation's "Green Office Certificate", and with it confirmation that it meets rigorous environmental standards in working environments. We are aiming to achieve comparable certificates for the other subsidiaries in 2011.

Additionally, Tchibo Poland has launched a corporate volunteering programme, in which the company gives financial support to employees to give their time and energies to charitable projects. Furthermore, our Polish subsidiary, working together with our central Corporate Responsibility department, has drawn up new guidelines for donations, which stipulate the conditions in which institutions can receive charitable donations.

In August 2010, we conducted an educational project in Warsaw in cooperation with the Aeris Futuro Foundation. The project's aim was to raise awareness of environmental issues among Tchibo employees in Poland and motivate them to get involved in environmental initiatives.

Up to speed: The Czech Republic and Slovakia

In 2010, Tchibo Czech Republic and Tchibo Slovakia conducted an in-house training campaign whose aim was to provide employees in our administrative offices and Tchibo shops with information on our sustainability activities and create a greater consciousness among them of the individual issues. We supplemented the campaign with a survey among all employees to ascertain their degree of awareness of sustainability issues and how well-informed they were on our sustainability activities. The pleasing result: In 98 per cent of the questionnaires, the proportion of full and correct answers exceeded 86 per cent. There were prizes for the highest-scoring employees.

Increasing identification with sustainability: open communication is the way forward

Our internal communication of objectives and activities has a decisive influence on the degree to which our employees identify with the issue of sustainability. For this reason, we supply our employees in Eastern and Southeastern Europe with information on our sustainability activities in all sales markets in the form of regular reports in the intranet. Our Sustainability Report is also available in English for all employees, and almost all our national websites feature information on our Group-wide sustainability activities in the relevant national language. We are planning to publish, step by step, our Sustainability Report in the relevant Eastern and Southeastern European languages.

In the course of the next year, moreover, we intend to imitate the success of our communication strategy in Germany, Austria and Switzerland by developing an external communication strategy for our Eastern and Southeastern European subsidiaries, on which our Hamburg-based Corporate Responsibility and Corporate Communication departments will work closely with the subsidiaries' managing directors and the national sustainability teams.

Further informationen:

Tchibo Corporate Website: www.tchibo.com

Focal points



Transparency gives rise to new questions. Tchibo promptly and purposefully applies specific solutions to these tasks.

Also new questions demand answers

How Tchibo approaches unsolved challenges in the supply chain.

The indispensable tools that we use to fulfil our responsibilities as a company that purchases internationally are our Code of Conduct, regular audits and open communication with our suppliers and stakeholders. As we create more transparency, we also discover questions to which we have to respond.

Current developments in production countries and new knowledge from research are constantly creating new challenges in the supply chain for the entire coffee and consumer goods industries. We prioritise our efforts based on the urgency of the issues at hand. Here, you can read about the main issues to which we are currently devoting specific attention.

Living wages

We believe that those who help to produce our products should be able to feed themselves and their dependent family members with the wages they receive. Part of their earnings should also be left over for them to spend or save as they please. While it is true that most production countries have legally established minimum wages, these are often set very low, meaning that they only rarely cover employees' costs of living.

The introduction of "basic needs wages" often conflicts with the pricing pressure which results from international competition between retail companies. For competitive reason, the governments of the production countries often are not interested in a price increase of labour costs in their key industries. Living wages can therefore only be introduced nationwide in close cooperation of all stakeholders. This is based on a transnational legal harmonisation of wages. If „basic needs wages“ were determined by law in all production countries, the competition between production countries and international trading companies would not blame the employees.

In order to push for such a development in cooperation with other international retail companies and corporate stakeholders, we are active in numerous forums, networks and organisations, including the Ethical Trading Initiative (ETI), Social Accountability International (SAI) and in the Round Table Codes of Conduct. We also support the aims of the Asia Floor Wage (AFW) campaign. This international initiative of renowned non-governmental organisations and trade unions aims to enforce living wages and humane working conditions throughout Asia.

Sandblasting

Washed-out, faded jeans with the vintage look have been in style for years. To achieve this “used look”, specific processing techniques such as sandblasting come into play. However, the process of shooting fine sand dust at articles of clothing poses significant health risks for jeans production workers. Breathing in sand dust can lead to silicosis, a lung disease which can be fatal for affected workers. This is unacceptable.

Tchibo has taken numerous measures in this context since 2009, when the first reports of sandblasting-related health dangers surfaced. We formed a cross-departmental “jeans” working group and raised our suppliers’ awareness of the health risks that come from working with sandblasters. All Tchibo jeans articles have fallen under a general sandblasting ban since October 2010. The last Tchibo jeans articles made using sandblasting procedures were ordered in the summer of 2009 and produced under special protective measures. They were sold in April 2010.

Child labour

Despite intensive international efforts, child labour is still a problem, particularly in agriculture in developing countries. Coffee cultivation can be the main area of concern here for Tchibo. Children usually live together with their parents on farms. Some help them with harvests. Harvest time usually either completely or partially coincides with school holidays. Lawmakers and international development organisations and standards tolerate this harvesting work as a “mild form of child labour”, based on the children’s age and taking the affected country’s level of development into consideration. To qualify as a mild form of child labour, work cannot interfere with children’s schooling.

Unfortunately, children continue to work when school is in session and to complete hard and/or dangerous work, which is always prohibited. Carrying full sacks of coffee is undoubtedly hard physical work; if this takes place on a hillside, it is also dangerous. It is difficult to uncover and monitor such instances of impermissible work. Therefore, we support socially and environmentally responsible coffee production around the world, banding together with partners such as the Rainforest Alliance, Fairtrade and the organisations that issue the “Bio-Siegel” (“organic seal”) certification. In the social sector, we support, as a minimum, all of the International Labour Organization’s (ILO) core labour standards, including fair compensation and the prohibition of child labour, in addition to further labour protection measures. Experts recognise and acknowledge our efforts.

Abolishing all forms of child labour will only be possible if parents are able and willing to send their children to school and if age-appropriate childcare is available when school is not in session. Therefore, we are collaborating on a pilot project in Guatemala with a regional non-governmental organisation. Through this project, we aim to raise awareness among parents and to allow their children to use childcare services which we will create in cooperation with our local partner. We will also support the construction and maintenance of schools. The harvest yields lost through the withdrawal of child labour will also be compensated as part of the project.

Animal welfare

We consider it our obligation to upcoming generations to handle the environment responsibly. In addition to protecting the climate and conserving natural resources, we also pay especially close attention to protecting wildlife. Our consumer goods only use down, feathers and leathers that are a by-product of food production, and for several years we have been using high-quality imitation fur in place of real fur. Tchibo also supports FOUR PAWS’ appeal to the EU. The international animal welfare organisation is entreating the EU commission to place a strict ban on the removal of down and feathers from live animals. Tchibo and other leading commercial enterprises are signatories to the open letter.

Further informationen:

FOUR PAWS: www.vier-pfoten.de

A unique range, a diverse set of challenges

How Tchibo lives its responsibility in the coffee and consumer goods supply chains.

The Tchibo name stands for a unique business model: unsurpassed expertise in roasted coffee combined with an array of non-food items which changes on a weekly basis. Sustainability is an established component of our concept of quality. Because we know this: only when we are committed to meeting the needs of people and the environment can we sustain our success into the future.

Our product range is characterised by a unique combination of high-quality coffee and a whole world, new each week, of attractive consumer goods. This great diversity of our range means we, as a company conscious of our responsibility, face similarly diverse challenges, which differ from supply chain to supply chain.

Across the entire coffee sector, an estimated 25 million small farmers work in coffee cultivation in developing countries and emerging economies. This large number of coffee farmers and the frequently small production volumes resulting from this situation make tracing raw coffee back to the individual farmer a complicated process. Nevertheless, transparency is necessary in order to be able to take targeted action. In the case of consumer goods, on the other hand, the broad range of products, changing week by week, is the source of particular challenges. We are conscious of the complexity of these challenges and accept them wholeheartedly.

Coffee



We have set ourselves the goal of sourcing, wherever possible, all our raw coffee from sustainable farming.

Two sides of the same coin

Why Tchibo sees coffee quality and sustainability as belonging together.

Tchibo has been providing its customers with top-quality coffee since 1949. We want to continue meeting these high standards. For this reason, we view quality and sustainability as being inextricably linked. Environmentally and socially responsible methods of cultivation secure the continued availability of the raw coffee quality we require. This means that accepting our responsibility is also an act of securing the future - in two ways: For us, it means managing risks and ensuring our access to high-quality raw coffee. And for coffee farmers, it means the long-term opportunity to earn a decent living.

The structures that dominate the coffee market present us with a particular challenge. Large parts of the sector are characterised by a lack of transparency and traceability back to the individual coffee farmer. An estimated 25 million small farmers work in coffee cultivation in developing countries and emerging economies. This large number of coffee farmers and the frequently small production volumes resulting from this situation make tracing raw coffee back to the individual farmer a complicated process. However, doing this is the only way in which we can take targeted action to improve sustainability. For the major part of our range, we are still faced with the complex task of creating transparency around our coffee's journey from tree to cup - and ensuring minimum environmental and social standards.

Working together to effect lasting change

We consider facing up to the challenges presented by tomorrow an essential part of our idea of our responsibility. We make our contribution to a sustainable coffee sector by cooperating with suppliers, coffee farmers and standards organisations. We will only be able to effect lasting change if all involved work together to prepare all participants in the supply chain for the challenges of the future; these, of course, include the effects of climate change on coffee cultivation, an issue whose importance is increasing. This is why we are involved in measures such as supporting coffee farmers in identifying and implementing ways of making coffee farms more resilient to changing climatic conditions.

Our goal: a range consisting of 100 per cent sustainable coffee

Our goal is to offer only sustainable coffee in the mid term future. In other words, we intend to exclusively purchase raw coffees from coffee farms which meet at least the requirements of one baseline standard in the coffee sector, e.g. 4C standard, or generally recognised certification standards such as Fairtrade, Rainforest Alliance Certified™ or the organic seal according to the EU regulations on organic farming. In 2010, we increased the proportion of our coffee which meets these standards from 8,0 per cent (2009's figure) to 9.6 per cent.

Coffee / Partner and standards

Direct aid in the context of effective partnerships

How Tchibo and those involved along the supply chain are working together towards the future.

Engaging sustainably in economic activity today means making certain of business opportunities tomorrow. For this reason, our commitment to better working conditions and ecological responsibility in the coffee sector is a key element of our risk management policies. We support coffee farmers in the cultivation regions we source from by means of our own projects. Additionally, we are involved in projects in the context of our ICP membership in which we work together with other stakeholders to find and implement comprehensive solutions for the economic, ecological and social challenges facing the coffee sector.

How can we reduce our water consumption to a minimum, and what do we do with the waste water generated in the processing of raw coffee? How do we use and store chemicals and fertilisers appropriately to avoid harm to people? How do we put on protective clothing properly? And how do we treat our employees with dignity and respect? Working with local partners on the ground, Tchibo conducts projects in countries where we source coffee, in which we provide farmers with expertise in the area of ecologically and socially responsible coffee cultivation and for management and planning.

Guatemala: preparing coffee farmers for certification of their farms

An example: Our Guatemala Grande coffee is very popular with our customers. Of course we want to ensure that we will be able to continue servicing demand for it in the future. The quantities of raw coffee which meet the organoleptic and sustainability quality requirements for our Guatemala Grande are currently limited. We

want this to change, and so we have already prepared ten farms, some of them large, in the Huehuetenango region for certification to Rainforest Alliance standard and accompanied them through the process. Via our partner organisations, we provide material, expertise and training to help create the required conditions. This combination of knowledge provision and financial support with the necessary investments leads in the long term to strengthened local structures and improvements for people and the environment, as well as a secure supply of the sustainable coffee we need for our business. This successful programme has now been extended to further partners and coffee farms.

Small farmers often suffer particular disadvantage

We go above and beyond our commitment to securing supply of the sustainable coffee we require by our work as a founder member of International Coffee Partners (ICP). Through this membership, in a current total of 16 projects in twelve countries, we have for ten years now been supporting small farmers, who often suffer particular disadvantage and find it very difficult to make their coffee production sustainable without outside help. ICP projects are not selected according to the partners' demand for raw coffee, but rather in accordance with the need for action at the products' origin.

Dialogue with stakeholders makes long-term improvements possible

Coffee production involves millions of women and men with a wide range of interests and rights. If we are to help the sector become more sustainable overall, we need to get to know and understand these people's perspectives and needs. It is only in dialogue with all stakeholders that we can identify paths leading to binding standards in the interests of people and planet. We will not succeed if we tackle this task alone. As a founder member of the 4C Association, we work hard on further developing social, ecological and economic conditions for the production, processing and trade of coffee - and on adapting them to the challenges of tomorrow.

Climate change and its consequences - a new key issue in 2010

We work with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the 4C Association, our trading partner ECOM Coffee and further partners to support coffee farmers in adapting their cultivation methods to the challenges posed by climate change. Key components of this project are providing training to farmers and drawing up measures in a joint process to educate farmers on how they might adapt to climate change.

One of the project's objectives is to draft a suggestion to supplement the 4C baseline standard with a voluntary climate-related component. This module then educates farmers, as well as on good practice with regard to cultivation and social responsibility, on how they can make their farms more resistant to the effects of climate change and simultaneously save CO₂. The module is complemented by dialogue-based training tools for coffee farmers with the purpose of raising awareness and drawing up locally relevant and appropriate measures.

Our goal: 100 per cent sustainably produced coffee

The ultimate aim of our commitment is to use exclusively raw coffee that has been cultivated in an ecologically and socially responsible manner. It will be a difficult journey to this 100 per cent goal - but we will keep going, step by step. The year 2015 promises to be an important milestone. By this date, we intend to be sourcing as much raw coffee as possible from sustainable cultivation. Standards associations and their local partner organisations are our crucial allies in our attempts to educate coffee farmers on more sustainable practices and ensure their long-term application.

We are currently working with the following standards associations:

Fairtrade

Together with Fairtrade we are involved with Fairtrade smallholder farmers in the coffee sector. In this way Tchibo takes on responsibility and contributes towards improvement in their living and working conditions. The independent Fairtrade certification gives our customers the assurance that products bearing the seal meet international standards for fair trade.

Rainforest Alliance

In the independent environmental organisation Rainforest Alliance, Tchibo has found a committed partner for environmentally and socially responsible coffee cultivation methods. The Rainforest Alliance Certified™ seal with its green frog stands for the protection of a safe space for people and our environment to live and flourish.

Organic

All products bearing the Organic seal must meet the exacting requirements of the EU regulations on organic farming, which means in our context that the cultivation of the coffee beans is confirmed organic. Their growers use natural fertilisers, protect and conserve soil, water and air, and use energy sparingly. The control number on each pack ensures transparency, reliability and security.

Standards associations that do not issue seals and certifications

4C Association

The Common Code for the Coffee Community (4C) Association is an international association of coffee producers, trade, industry and other members from various areas of society. Its aim is to improve social, environmental and economic conditions for those whose livelihoods depend on working with coffee.

Further information:

4C Association: www.4c-coffeeassociation.org

International Coffee Partners (ICP): www.coffee-partners.org

Fairtrade: www.fairtrade-deutschland.de

Rainforest Alliance: www.rainforest-alliance.org

Organic seal: www.bio-siegel.de

Coffee / Measures at origin

Sustainable coffee cultivation - a question of know-how

How Tchibo supports coffee farmers by providing expertise.

Quality all the way to the cup: We're coffee experts. We know all about coffee. And this knowledge helps us to continuously meet our customers' quality requirements.

Additionally, since the end of 2010 we have been engaged in finding ways to involve East African women more closely in our projects. We have noticed that often they do not take part in the training we offer without prompting from outside. The background to this situation is that in East Africa, the coffee business, i.e. what is called the cash crop, is firmly in the hands of men, while women are largely excluded from decision-making processes - despite bearing the principal burden of work in the fields. We want to work with our partners to empower women to have more of a voice while simultaneously accessing and making full use of additional ways of improving their family income.

ICP - another organisation helping people to help themselves

International Coffee Partners (ICP), too, has the aim of helping people to help themselves. Along with its own projects, Tchibo is part of a series of support projects in countries of coffee origin through this association of companies involved in the coffee trade. The logic behind these measures is as simple as it is effective: If coffee farmers can improve their harvest in both quality and quantity and manage their business efficiently, their income will improve and they will be better placed to sustain their families. Since 2001, ICP has launched 16 projects and completed eleven of these. A total of 12,000 coffee farmers have benefitted directly from ICP's work, with a further 56,400 benefitting indirectly.



Julius Ng'ang'a

General Manager at Sustainable Management Services Ltd and owner of an ECOM Coffee company

"We need to prepare adaptively for climate change rather than hoping that things will go back to what we're used to. Only if we adapt to changing weather conditions can we continue improving our yields and the quality of our harvests."

Kenya, Guatemala, Colombia - Tchibo is currently running six of its own projects in various coffee-growing countries. We conduct analysis and provide training, educate farmers on modern methods of cultivation, support schooling for farmers' children or work together with farmers to find answers to questions surrounding appropriate response to the effects of climate change. For all their diversity, the individual aspects of our action for sustainability all have their clear place in our long-term business strategy. Because we know that only by acting sustainably can we and the coffee farmers secure our economic success in the long term.

Responsibility in all our actions: the basis of sustainable success

This is one of the reasons for our involvement, since 2010, in the climate project "Climate Change Adaptation and Mitigation in the Kenyan Coffee Sector". We are working with our partners, local companies from the ECOM Coffee group, to help several thousand farmers from the Baragwi cooperative on the southern slopes of Mount Kenya to adapt their farm management practices to the effects of global warming. Why is it important to plant trees on the plantations to provide shade? What happens when coffee is grown close to the banks of lakes and rivers? How do I use which fertiliser correctly and without impacting negatively on the environment? In workshops and so-called "Farmer Field Schools", educators provide farmers with the knowledge they require, helping them in this way to be better prepared for the challenges they face now and will face in the future.

An interactive overview of Tchibo's projects is available online

<http://www.tchibo-nachhaltigkeit.de/csrweb/servlet/content/649408/-/en/responsibility-supply-chains/coffee/measures-at-origin.html>

Coffee / Measures at origin / Interview with Patrick Munyui

"We know these days how vital sustainable cultivation methods are"

Patrick Munyui, chair of the Baragwi farmers' cooperative, on climate change, sustainable methods of cultivation and his own tree nursery.

The Baragwi cooperative is located in Kirinyaga, in the heart of Kenya's highlands. A total of 12,000 active members run farms on the fertile volcanic slopes of the Aberdare Range. Patrick Munyui is one of them. The 49-year-old, who has been on the co-operative's board since 2001, was elected its chairman in 2003 and confirmed in this position for a further three years in 2011. He spoke to us in this interview on how the partnership supported by Tchibo is helping to find solutions to the challenge of climate change.



Mr. Munyui, since 2009 Tchibo, ECOM Coffee and Rainforest Alliance have been co-operating on a project with the objective of achieving certification to Rainforest Alliance standard for the co-operative. In addition to this, in May 2010 your co-operative entered into the development partnership with ECOM Coffee, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry of Economic Cooperation and Development, the World Bank, the 4C Association, Tchibo and the Rainforest Alliance. What's changed since then?

The activities associated with the project afford us the opportunity to provide the farmers in our co-operative with better training. They take part in regular training sessions in which they learn all they need to know about coffee cultivation in today's world: from the correct use of fertilisers to environmentally sustainable farming methods. We want to prepare our cultivation region for the challenges of the future by increasing its sustainability - the partnership is helping us to make progress on this journey. We find that the individual activities of the two projects often overlap, because at the core of both is the idea of sustainable farming and business activities

What successes have you achieved to date?

We have worked hard to achieve certification to Rainforest Alliance standard. Last year we were visited by independent auditors, who gave us a catalogue of corrective measures. We have spent the last few months responding to the Rainforest Alliance's requirements point by point. Recently we received our certification - a fabulous success.

And what are the challenges you are facing?

The greatest challenges emerge from climate change. Our farmers are increasingly being confronted with its effects. As an example, we can no longer predict precipitation as well as we could just a few years ago. Often it rains so hard that the rainfall damages the coffee plants. At other times, we suffer from long periods of drought, especially in the lower-lying regions of our co-operative. We are also seeing increasing temperature fluctuations, which make our plants more susceptible to disease, and growth and harvest cycles harder to predict.

Are there any ways of halting this development?

There are at least ways of countering the negative impact of changes in the weather on coffee cultivation. In order to do this, of course, we first need to understand how our behaviour - such as deforestation or growing coffee in the immediate vicinity of watercourses - impacts local weather conditions. The training sessions we have had have contributed to raising awareness of these issues and have put us in a position to respond to them.

In what way?

Today, for instance, we know how important it is to plant local varieties of tree on our fields and our land. They protect our delicate Arabica plants from the strongest intensity of solar radiation and reduce the impact of heavy downpours. At the same time, the trees' roots help preserve the quality of the soil, maintain the water balance and slow down processes of erosion. Dams protect the fertile soil from being washed away by driving rain. We have even worked with the experts to set up a small tree nursery where we raise seedlings for new coffee plants and indigenous shade trees.

Can seedlings combat climate change?

Of course, this is only one of a series of measures with which we are responding to the challenges posed to us by global warming. Another, for example, is that we are trialling coffee plants that can cope better with temperature fluctuations. Overall, I think that despite everything, we can look to the future with confidence and continue to increase our production volumes even in these difficult conditions - and also sustain the level of quality our customers have become used to. I'm not the only one with such an optimistic outlook - many of the young farmers who had given up growing coffee because it was no longer lucrative enough for them are now returning to coffee farming.

Mr. Munyui, thank you very much for taking the time to speak with us.

An overview of our partners

4C Association

The Common Code for the Coffee Community (4C) Association is a global association of coffee producers, trade, industry and other members from various areas of society. Its aim is to improve social, environmental and economic conditions for those whose livelihoods depend on working with coffee.

Further information: www.4c-coffeeassociation.org

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

The GIZ is the Federal Republic of Germany's state organisation for international cooperation for sustainable development. It was formed in January 2011 from the merger of the Gesellschaft für Technische Zusammenarbeit (GTZ, German technical cooperation organisation), Inwent - Capacity Building International, and the Deutscher Entwicklungsdienst (DED, German Development Service). As a German federal enterprise, the GIZ supports the German federal government in international cooperation for sustainable development and is active in international educational work.

Further information: www.giz.de

ECOM Coffee

The ECOM Coffee group, with a 60-year history, is a globally operating trade and export organisation which is committed to establishing and extending robust partnerships worldwide. Its focus is on supplying customers with high-quality products according to their individual needs. With over 20 offices across the globe, ECOM Coffee is continuously working towards extending its experience and its partnerships, so it can provide its clients with professional service and unmatched quality.

Further information: www.ecomtrading.com

Rainforest Alliance

The internationally recognised environmental protection organisation Rainforest Alliance has been campaigning for ecologically and socially responsible methods of cultivation since 1987. The Rainforest Alliance Certified™ seal stands for respect for the sensitive ecosystem of the tropical rainforest and for sustainable improvements to the lives and working conditions of people in coffee-growing countries.

Further information: www.rainforest-alliance.org

World Bank

The World Bank, also known as the "International Bank for Reconstruction and Development", was founded in 1944 at the United Nations Monetary and Financial Conference in Bretton Woods. Its original objective was to support the reconstruction of countries whose finances had been severely impacted by the Second World War. Today, the principal task of the influential organisation, which funds itself primarily by issuing bonds, consists in supporting developing countries and projects on the ground by means of granting medium- to long-term loans.

Further information: www.worldbank.org

Coffee / The environment and the climate

With good judgement and ample expertise

How Tchibo is helping to conserve nature and protect the environment.

Coffee is a natural product and therefore a valuable commodity. Without sufficiently fertile soil, clean water and a suitable climate, it cannot grow and flourish, and neither yields nor quality will be high. Coffee growers will only continue to bring in good-quality coffee bean harvests season for season if they do not lose sight of the needs of the environment. We are committed to ensuring that the countries from which we source our coffee will be able to continue producing top-quality raw coffee in the future.

Depleted soil, polluted water, falling groundwater levels or changing weather conditions - when the balance of nature is disturbed, coffee cultivation suffers. Successful coffee farming demands extensive knowledge on the correct use of fertilisers and pesticides, the opportunities offered by organic fertilisers, or correct pruning and irrigation of coffee trees. In many coffee-growing countries, state-run advice centres no longer exist or are largely inaccessible to coffee farmers. For ten years now, Tchibo has been working with a range of partner organisations to change this state of affairs by helping coffee farmers to access this knowledge once again.

A new issue in 2010: climate change

In 2010, these activities were joined by a new issue: climate change. Global warming is changing the weather; the most frequently observed effects are on temperatures and amounts of precipitation. Our action in this area pursues two objectives: The first is to limit our own emissions of gases which impact on the climate; the second is to help coffee farmers adapt their cultivation methods to the effects of global warming.



Combating the causes, limiting the consequences - the "Coffee & Climate" initiative

The "Coffee & Climate" initiative focuses both on the causes of climate change and on its effects which are already making themselves felt or likely to emerge in the future. Tchibo is one of a number of international coffee companies which have joined forces with development organisations in the initiative, founded in 2011. Four pilot regions were selected for the programme: Brazil, Vietnam, Tanzania and Guatemala. The project's aim is to enable coffee farmers to adopt best practice for adaptation to and limiting the effects of

climate change, while also, if possible, reducing their own emissions of gases that impact negatively on the climate. We are creating material for the training courses for coffee farmers on these issues and testing their use on the ground in the pilot regions. The programme is building on the experience generated by other projects, such as the climate project "Sangana PPP".

Standard methods of measurement for transparency and comparability

What do we actually mean by climate-friendly cultivation or climate-neutral coffee? International standards organisations such as the ISO have laid down rules for the measurement of gases that impact on the climate; these rules help to determine the so-called carbon footprint of a wide range of products. However, they do not provide a direct guide to the way in which measurements should take place for particular products, such as raw coffee, nor to which data the calculations should be based on. How, for example, should we calculate emissions in the case of farms which grow not just raw coffee, but also tea, mangos or maize, and additionally engage in dairy farming? Answers to questions such as these, and many others, can be provided by what are known as category rules. Only measurements that have taken place according to standardised regulations can provide credible, comparable information and make specific, appropriate action possible. For this reason, Tchibo and other coffee sector stakeholders actively support the development of such category rules for raw coffee.

Consumer goods



Week in, week out, we aim to offer our customers consumer goods with minimal negative impact on people and the environment right across the supply chain - from raw materials extraction and production to use and disposal.

Making use of the global division of labour while committing to our responsibility

How Tchibo is pushing for compliance with social and ecological standards in its countries of production.

International retail organisations make use of the possibilities opened up to them by a global workforce. Tchibo is among them, securing the diversity and quality of its range of consumer goods by harnessing a worldwide network of business partners. Of course, global activities entail great responsibility. For us at Tchibo, one thing is certain: Business success must not be achieved at the cost of causing suffering to people and the environment. For this reason, Tchibo is committed to ensuring compliance with social and environmental standards in the countries where its goods are produced.

The liberalisation of goods and finance has led to a global division of labour in which each country focuses on its competitive advantage. Developing and emerging economies usually offer production at particularly competitive prices. For this reason, many international retail companies, Tchibo among them, source a substantial part of their consumer goods from Asia. This international division of labour can provide great opportunities for all - but only when these opportunities are not achieved at the expense of employees' rights. Governments, trade unions, NGOs, retail companies and suppliers all share responsibility to compliance with social and environmental standards.

Fairness and responsibility - in the value chain

We want to supply our customers with top-quality products with as little negative impact as possible on people and the environment - when extracting raw materials, in production, in use and in disposal. Our attempts to achieve this objective centre on one key element: working together in collaboration with suppliers and stakeholders in society, both in Germany and in our sourcing countries.

For example, we require all our suppliers to adhere to our Social Code of Conduct, which has been an integral part of all our purchasing contracts since 2006. Based, amongst others, on the core labour standards of the International Labour Organization (ILO), the code comprises a total of ten principles for safeguarding working conditions compatible with human dignity - such as a ban on child and forced labour and adherence to maximum permitted working hours. We review factories level of social standards not only before we award a contract, but also once production is underway, in regular audits.

Creating enduring change through qualification and cooperation

We support our suppliers actively to achieve the dual aim of uncovering possible infringements of standards and of creating long-term, enduring improvements in this process: Our WE (Worldwide Enhancement of Social Quality) programme, which we initiated in 2007 in cooperation with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and with the support of the German Federal Ministry of Economic Cooperation and Development as part of a pilot project, is the basis for this endeavour. The training concept empowers managers and employees to recognise root causes of issues and to independently develop solutions to the challenges they face in their work settings - and indeed to implement them. In 2010, after a successful three-year pilot phase involving the participation of 40 factories in China, Bangladesh and Thailand, we scaled the project into a programme.

However, not all issues around social standards can be solved on the micro-level of individual workplace settings. Some require consensus at societal level or corresponding legal frameworks, particularly living wages and the rights of employees to form and join unions and conduct wage negotiations. For this cause we collaborate with different stakeholders both at a local and international, as well as a civil society level.

We talk - we don't preach

We are convinced that the best results are achieved by working together to generate practicable approaches to challenges. For us, this means that rather than preaching, we build trust and achieve results through a dialogue drawing together all involved. This includes managers of factories, their employees, buyers, trade unions and representatives of local governments and NGOs. We will only succeed in giving international human rights a firm footing in the areas where our products are sourced if we respect the culture on the ground and deal sensitively with the prevailing conditions in each individual country.

Our goal: Transparency and long-lasting working relationships in the supply chain

Where, under what conditions, and by whom are our products made? If we intend to support minimum social standards in our countries of production, we need to know the answers to these questions. This is why cooperation, transparency and longterm working relationships are important in our work with suppliers and producers. This is the only way in which we will achieve improvements, working together step by step.

One of our challenges: Avoiding subcontracting

One of the challenges we face regarding longterm business relationships lie in the diversity of our product range and therefore of our supplier structure. Each product category - particularly in consumer durables and electronics - calls for different production processes, which means that many of our suppliers specialise in individual products. Consequently, we depend on a wide range of different suppliers. In 2010, for example, we purchased products from approximately 930 suppliers. This number and diversity of suppliers increases the risk of parts of a production contract being outsourced to what are known as subcontractors without our knowledge.

One of the key ways in which we counter this danger is by our plan to concentrate our supplier and producer network in the area of consumer goods on our most important suppliers. By doing so, we aim to increase the duration of our business relationships, strengthen relationships of trust with our suppliers and reduce the risk of non-approved subcontracting. At the same time, we will be enabled to plan and implement our measures for the improvement of working conditions still more systematically.

Everyone benefits

Everyone involved benefits from transparent long-term business relationships, which boost product quality and efficiency in order processing - a central concern for us as a company. Our suppliers, meanwhile, enjoy increased certainty in planning and benefit from our willingness to invest in more up-to-date production processes and improved working conditions - which in turn help employees and the environment.

Consumer goods / Code of conduct

Harnessing cost advantages - but not at others' expense

How Tchibo engages with suppliers in production countries to ensure decent working conditions.

Tchibo would not be able to provide its extensive range of high-quality consumer products without its suppliers and business partners throughout the world. Globalisation offers many advantages both to our company and to our customers. However, it also calls upon us to

assume responsibility - especially for the people who manufacture our products. We defined minimum requirements on working conditions in our Social Code of Conduct (SCoC) in 2006, and since then our suppliers have been obliged to meet these basic standards.

Fair working conditions cannot be taken for granted. Workers at production facilities in developing and emerging economies in particular are often denied wages that cover the cost of living, the freedom to join unions and conduct wage negotiations, and reasonable working hours that would secure their future health and productivity. This situation has diverse and complex root causes. For example, applicable laws are not enforced properly because there are no appropriate control mechanisms. Factories often do not have access to know-how or resources. Other key factors are price pressure, delivery terms and other economic requirements.

Various stakeholders are relevant to fighting injustice and ensure that social standards are complied with in the production sites. This is not exclusively the task of legislators in producing countries; suppliers and their customers (brands and retailers), workers' representatives (especially trade unions) and producers' organisations (employers' associations) as well as NGOs have a role to play. Since Tchibo purchases globally, we are also a part of this network and we acknowledge our responsibility: We have defined the Tchibo Social Code of Conduct (SCoC) to set out the foundation of our commitment and require all our business partners (suppliers, their producers and subcontractors) to observe these fundamental principles.

Based on international standards

Our Social Code of Conduct encompasses the globally recognised core labour standards of the International Labour Organization (ILO) and is based on the United Nations' Universal Declaration of Human Rights. In addition, we observe as guiding standards SA8000, a globally recognised standard for ensuring and certifying decent working conditions, and the ETI Base Code. The SCoC is an integral part of every supplier contract and therefore binding for all suppliers throughout the world.



Ten principles for decent working conditions

In its current version, the SCoC encompasses ten principles which set out:

- the prohibition of forced labour;
- the prohibition of child labour;
- a ban on all forms of discrimination against employees;
- the requirement that disciplinary measures be limited to those in accordance with national laws and internationally recognised human rights;
- the requirement that employees receive written contracts of employment;
- wages that correspond at least to legal or industrial minimum standards; the expectation that employees will be paid a living wage;
- the expectation that laws on working hours will be complied with;
- the requirement to provide employees with a safe, healthy working environment;
- the requirement to respect employees' freedom of association and the right to bargain collectively;
- the requirement to create management systems to oversee, ensure and document compliance with the standards set out in the SCoC.

These regulations are minimum requirements. If local labour and social laws are stricter than the requirements laid down in the SCoC, the stricter regulations take precedence.

Consumer goods / Audits

Requiring compliance, offering support

How Tchibo monitors the implementation of social standards

The Social Code of Conduct (SCoC) is indispensable in our endeavour to ensure socially responsible working conditions in the production of Tchibo consumer goods. Additionally, regular, independent checks give us and our suppliers an overview of where they stand in terms of implementation.

We want our inspection and monitoring procedures to be of high quality. For this reason, when it comes to checking our production facilities, we work with independent experts: the auditing organisation STR-RS, which is accredited by the NGO "Social Accountability International" (SAI). This accreditation ensures that our social audits are conducted in accordance with globally consistent, high-quality standards.

Four steps to assessment: the social audit procedure

A social audit consists of four components: discussions with management, interviews with employees, inspection of relevant documents (e.g. contracts of employment, payrolls, timekeeping, production documentation) and a tour of the production facility. The interviews with employees are always conducted without any member of management being present; interviewees are selected by the auditors using a combination of random selection and targeted selection from personnel lists and payrolls. The objective is to obtain the views of a representative cross-section of staff. Interviews are conducted with at least seven to ten and a maximum of 25 employees, depending on the facility's size and the type of audit (initial or follow-up audit). Both individual and focus group interviews take place. A closing meeting with management to discuss issues arising and the corrective measures required rounds off the audit.



During the audits, all stipulations of our Code of Conduct are checked and assessed individually. The overall result of the inspection is determined by the most critical result found in each thematic area. This procedure ensures that we give all social standards the same importance and that the necessary corrective measures are put in place for each individual aspect of the standards.

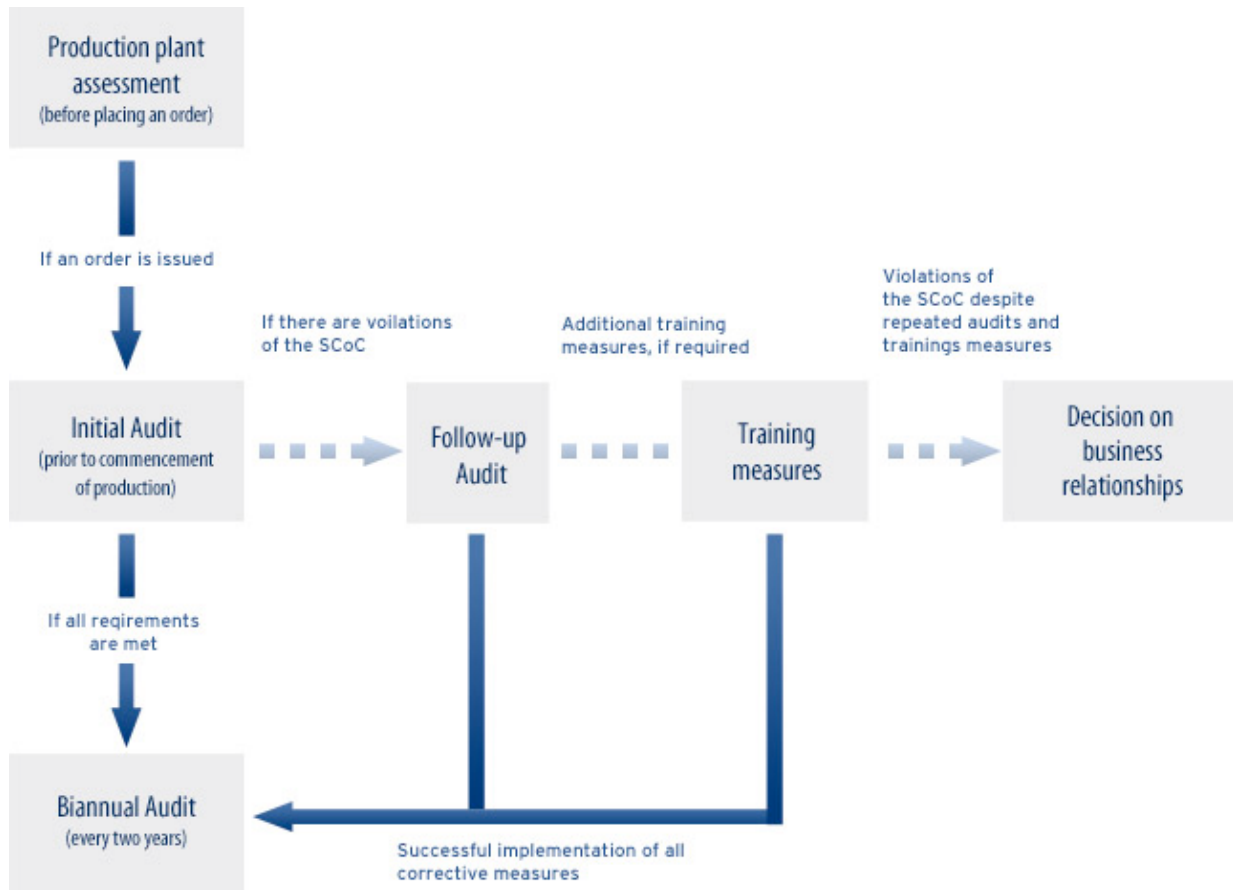
Explanation of scale of assessment used in audits

The auditors make assessments expressing the degree to which the standards examined are adhered to (“in compliance”) or to which “concerns” are evident. Concerns are divided into “minor concerns”, “major concerns” and “zero tolerance”; the latter refers to violations of what are known as zero-tolerance issues such as child labour or working hours not being recorded. If the supplier has refused to allow an audit to be carried out, this is recorded as “audit denied” and treated in the same way as a “zero tolerance” violation, which means that the manufacturer is barred from receiving orders until the zero-tolerance issues have been rectified and re-checked in a social audit.



Differentiated and efficient: the auditing process

The system by which we inspect our suppliers comprises four different types of audit. The audit type used is dependent on two factors: the point in time at which the audit is carried out, or the status of the contract between us and the supplier, and the result gained by the production facility in the previous audit. The following diagram illustrates our auditing process. You can find information on the individual types of audit by moving your mouse over the boxes.



More information about the different types of audit is available online.

www.tchibo-nachhaltigkeit.de/csrweb/servlet/content/648594/-/en/responsibility-supply-chains/consumer-goods/audits.html

To a limited extent, we recognise other social audits as proof of compliance with social standards in our production facilities. These audits include SA8000 certificates and audits conducted in the context of the Business Social Compliance Initiative (BSCI) and assessed as “good”.

We don't just issue warnings, we also give specific support: what happens when violations are found

Production facilities which do not comply with the SCoC are subject to in consequence, which vary according to the type and severity of the violations found. Immediate termination of the contract between us and a supplier can threaten its continued existence and the employees' livelihoods; this is the case, for example, where a substantial part of the company's capacities are engaged with Tchibo contracts. For this reason, we always begin by working together with the manufacturer to achieve improvements, using methods such as specific training. Our WE programme (Worldwide Enhancement of Social Quality) serves to develop methods and concepts for this.

If, however, the supplier refuses to be audited or we still find serious infringements after the fourth follow-up audit, an inter-departmental body at Tchibo takes a decision on termination of the business relationship. This body consists of decision-makers from the purchasing, audit management and corporate responsibility departments. A termination is done in a responsible manner.

You can find key performance indicators on our social audits in the Facts and Figures section of this report.

<http://www.tchibo-nachhaltigkeit.de/csrweb/servlet/content/648866/-/en/facts-figures/key-performance-indicators.html>

The limits of auditing - and our response

We take very seriously any violations of labour law and social rights found in the course of our audits; they motivate us to redouble our efforts in this field and adjust our measures where necessary. At the same time, we are aware that audits as social responsibility instruments meet their limits in certain areas. Social audits generally last one to two days and thus are effectively snapshots, conducted by neutral, independent auditors.

Audits are good at uncovering clearly visible violations. Where it becomes more difficult, however, is in relation to less evidently visible infringements, such as cases of discrimination or violations of employees' freedom to join unions and enter into collective bargaining. Many employees find it difficult to speak openly to strangers about such issues, which are often very personal or political.

Lowering the threshold: an anonymous complaints possibility

We have lowered the threshold for employees to communicate with us by establishing a service for them to send complaints to us by email, via which employees can make anonymous reports on violations of social and labour standards. We also obtain information on violations from our partners in NGOs or WE programme coaches.

When indications of infringements are brought to our attention, we immediately undertake an assessment of the status quo, collating all information available to us on the production facility in question: reports from visits, the results of social audits carried out at the company and our buyers' experiences. If necessary, we also call upon external experts from institutions such as NGOs and trade unions. We validate the results by carrying out what are known as confidential offsite interviews with further employees off company premises. If the evidence we gather bears out the indications of infringements, we approach the manufacturer and negotiate a schedule of measures to remedy the reason for the complaint.

Our biggest challenges: securing living wages and ensuring the right to freedom of association and collective bargaining

Transparency of violations of social standards not automatically starts a process of improvement - especially when the causes are complex and extend beyond the sphere of influence of individual manufacturer or contractual relationship. Securing living wages, ensuring maximum permitted working hours and employees' rights to join unions and enter into collective bargaining are great challenges in this context.

You can find further information on these major challenges here:

Living wages

All developing and emerging countries which produce consumer goods have legal minimum wages are defined by the legislator. However, these minimum wages are generally insufficient to cover the basic needs of employees and their families and leave a remainder for them to use as they choose. The introduction of such "living wages" is often difficult due to international price competition among retail corporations, to which is added local governments' concerns that their region will lose its competitiveness if labour costs are too high. As part of the WE programme, production sites can raise their employees' wages provided the rise is connected with improvements in productivity and quality. SA8000-certified production facilities pay living wages anyhow.

Individual retail companies cannot force their suppliers pay living wages. Suppliers very rarely produce exclusively for one company, as such a practice does not make business sense for them. The logistical issues around ensuring that workers' indeed receive the higher wages are an example for such complications: Variations in purchase prices and differing calculations for comparable or even identical products can create considerable competitive pressure for all involved and can lead to destructive competitive distortion. The solution can only lie in harmonisation of legislation, with uniform competitive conditions for all international retailers. This, in turn, can only come about if all relevant stakeholders are able to find a consensus at societal level: this includes governments, suppliers, trade unions, employers' associations, retail companies and NGOs.

We are participating in developing such a consensus in the context of our membership of multi-stakeholder organisations. Our calculation of what constitutes a living wage is based on the benchmark issued by the Asia Floor Wage Campaign. The wage levels defined here for Asian countries of production were calculated with

the involvement primarily of local trade unions and NGOs, making them a valid basis for collective bargaining of actual wage levels on the ground. We welcome the AFW Campaign's efforts to introduce an internationally valid, living wage for workers in Asia.

Overtime

Many producing companies find it difficult to adhere to local laws on maximum permitted working hours. It is indeed the case that reducing hours worked is a complex process, due to various factors and perspectives at play in relation to this issue. Managers of production facilities will primarily see reductions in overtime as translating to less time for production and therefore lower production output, while employees complain of a drop in income from the loss of overtime hours which are generally paid at double the hourly rate. Legally defined minimum wages are usually too low to adequately support workers and their families. For this reason, workers often have an interest in doing overtime, especially where they are migration workers far from home and therefore able and willing to use their leisure time to work overtime.

However, it is established that if working hours are too long, productivity falls and product quality decreases due to employees being exhausted and their capacity to perform effectively being consequently reduced. The risk of workplace accidents and disease is added to this. Excessive overtime is attributable to a lack of efficiency in production processes at the facilities, a matter which can be complicated by purchasing processes at the ordering retail companies. Last-minute design changes for an order that has already been placed are an example for such complications. Through WE we help managers, workers and buyers express their perspectives. This is the starting point to negotiate changes, which take into consideration all interests. The likelihood of implementation rises through this engaging process. Our experience is that it pays off: increased productivity, increased profits, higher wages - and less overtime. The factor that makes this success happen is dialogue encompassing all involved, following the WE methodology.

Written contracts of employment (concerns primarily China)

Written contracts of employment provide proof that an employer-employee relationship exists and supply a basis for the rights and responsibilities of both sides: they are thus of great importance for workers in the countries where our goods are produced. Above all in China, prior to the introduction of changes in labour law, workers could not generally expect to receive a written contract of employment. Since 1 January 2008, employees have been able to sue their employer for compensation if they do not receive a written contract within the first year of their employment, and in such cases are legally entitled to twice the year's wages. As this constitutes a financial risk for producing companies, we have already seen notable improvements in this area.

Child labour and documentation of age

Tchibo's requirements of its suppliers with regard to documentation of the age of its employees are extremely rigorous. Even if only a small number of proof-of-age documents are missing during an audit, this is recorded as a serious violation and leads to a follow-up audit. The objective of this policy is to raise awareness of issues around child labour among companies who produce for us and motivate them to place high value on full documentation of age when employing workers.

Regarding child labour we are faced with several issues in the production countries: repeated occurrences of missing or forged birth certificates and other proof-of-age documents giving rise to difficulties in ascertaining employees' age beyond doubt. An additional issue in China is a discrepancy between national and international legislation. The stipulations of the International Labour Organisation (ILO) define young people under the age of 15 as children and generally prohibit their working. In Chinese law, by contrast, the minimum working age is 16, while compulsory schooling ends at 15 years of age. For this reason, it is common in China, particularly in low-income families, for young people to work from the age of 15 to help boost their families' income. As Chinese law forbids this, our audits regard the employment of 15-year-olds as a "zero tolerance" violation of the prohibition on child labour. In these cases, we work with the manufacturers to find a solution that causes as little hardship as possible and includes a managed process of returning the affected workers to their families.

Attempts of fraud and bribery

Occasionally, auditors from the firm we use for our audits uncover irregularities with regard to recording of working hours, calculation of wages or payment of overtime. Deliberate attempts to mislead auditors, attempts to bribe them or prepare employees for the interviews with the auditors are all regarded as very serious matters. This kind of behaviour reduces transparency on the situation in factories and therefore makes it more difficult to initiate processes of improvement.

If we uncover such irregularities, we generally bar the manufacturer concerned from receiving further orders. We find that the threat of withdrawing further contracts from the supplier tends to have a powerful disciplinary effect; we have not yet experienced a repeat occurrence. We are, however, aware that such behaviour arises out of the complexity of the issues involved; producing companies are overwhelmed with the implementation of social standards. Additionally, it is often the case that producers lack confidence that giving an honest account of issues and then by revealing non-compliances will not be punished by the loss of a contract. Our ongoing dialogue between purchasing, our suppliers, and our WE programme, are creating the trust required for us to work together on improvements and support our suppliers as they tackle these complex issues.

Discrimination and violations of freedom of association and the right to collective bargaining

Audits rarely mention findings on discrimination against employees or violations of freedom of association and collective bargaining rights. This does not necessarily mean that such concerns do not exist. Both relate to very sensitive issues. Discrimination may include extremely personal experiences suffered by individuals, such as sexual violence or the marginalisation of minorities. Employees who draw outside attention to violations of freedom of association, meanwhile, are frequently subject to reprisals. For these reasons, it is generally very difficult for auditors to identify infringements of standards in these areas. They enter a production plant as inspectors from outside, and as such are rarely able to win employees' trust. This situation is a particularly clear illustration of the limits of audits as an instrument. As part of the WE programme, we are trialling innovative approaches to support employees' access to these rights.

Further information:

Asia Floor Wage: www.asiafloorwage.org

Consumer goods / Qualification measures for suppliers

From strength to strength - with dialogue and participation

How Tchibo empowers factory workers to stand up for their rights at work.

Partnership, not preaching: that's what WE (Worldwide Enhancement of Social Quality) is all about. This training programme aims to create enduring improvements in social standards in production plants in Asia. In WE, Tchibo brings managers and employees from the plants together to work as partners on solutions for fair working conditions.

We launched the WE project in September 2007 in cooperation with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Federal Ministry for Economic Cooperation and Development (BMZ) and implemented it at 40 production locations in China, Bangladesh and Thailand. Our aim was to test and continue to develop an innovative approach to qualifying suppliers with a view to achieving enduring improvements at factory level. The particular innovation of our approach lies in the fact that rather than simply pointing the finger at problems from outside, we empower employees and managers of Asian production plants to improve working conditions at their company from within.

Finding solutions together - and putting them in place for the long term

Over a period of two years, we train manufacturers on issues such as occupational safety, child labour, wages and overtime. On-the-ground support is largely provided by local coaches, who are specially trained for this task and are assisted by international consultants for the duration of the project. The coaches are well acquainted with the culture of the region they are working in and speak the same language as the suppliers.

The core of the training programme is dialogue between equal partners. In the course of workshops and company visits, managers and employees learn to communicate better at work, tackle challenges and solve problems together. This gives, above all, employees in the factories a voice - they are empowered to express their ideas for improvements to their situation without fear and to work together with their managers to translate these ideas into reality.

Beneficial change for all involved

The dialogue set going by the WE project helps build trust. Everyone involved feels the desire and the will to find solutions acceptable to all. This process results in better working conditions for employees. Additionally, higher employee satisfaction has a positive impact on productivity, product quality and the companies' capacity for innovation - a win-win situation for everyone.

Our buyers are involved in the process

WE doesn't only bring factory employees and managers to the table together. The project also offers a space for an exchange of views and experiences between retail companies and their suppliers - a dialogue of tremendous importance, due to the potentially major impact decisions made by purchasers, quality managers and product developers can have on working conditions in production plants.

An example: If a product's design specifications are changed at short notice due to fashion trends, suppliers may have to order new materials or additions for the product. This may mean shorter production times for the supplier. Depending on how much time the supplier has planned to cover any delays or eventualities and on the degree to which capacities at the plant are engaged with other customers' orders, this may lead to overtime for employees - a situation nobody wants.

We help buyers understand the effects their decisions can have on production by including them in our WE workshops on the ground. Additionally, we also permit local governmental bodies, NGOs and trade unions to take part in the programme, as they are key players in the implementation of social standards.

Open, honest dialogue among all stakeholders

In 2009 and 2010, along with the workshops and factory visits, we held stakeholder conferences in Bangladesh, Thailand and China, with Germany as a new host country in 2010. These events provided a forum for representatives of governmental bodies and NGOs, trade unions, retail companies and WE manufacturers to enter into an open, honest dialogue and identify potential partners for the extension of the programme planned for the future. Furthermore, we received valuable feedback for the further development of the WE project approach.



Sun Ying

coach from China

"The WE project has taught me to avoid hastily presenting people with ready-made solutions, but rather to guide the participants in the training courses towards finding solutions themselves. I'm confident that this approach leads to measures for improvements that deliver on what they promise - due to their being based on decisions taken together by all involved."

WE works

The project's pilot phase came to an end in August 2010. Since WE's launch in September 2007, we have worked with 18 coaches and 40 production plants in China, Bangladesh and Thailand. Our innovative approach has proved a success. An external analysis has examined - and confirmed - the effectiveness of the dialogue-led approach. Practising the dialogue method and setting up dialogue-promoting structures in factories is directly correlated with improvements in working conditions, in relation, among other things, to wages, overtime, discrimination and participation in decision-making by employees and their representatives in the supplier companies. Positive effects on economic indicators such as employee fluctuation, accident rates, productivity and quality have also been observed and confirmed. Additionally, producers report a significant improvement in their economic efficiency. We benefit both from the project's positive effects at factory level and from our direct dialogue with our suppliers. Our encounters with suppliers at the plants give us access to insights which we can use to improve the management of our own supply chain - making it possible to handle orders still more smoothly in the future.

The limits of the approach

Nevertheless, we are acutely aware that we have not yet reached a breakthrough on securing living wages and employees' freedom to join unions and conduct collective bargaining. We will continue to apply our efforts in this area.

Into the future with WE

The pilot phase is over, but WE is continuing: We have already got a further 42 production plants in China and Bangladesh on board for the innovative training programme and trained up eight new local coaches in China. Additionally, we are working with GIZ to engage further companies and organisations in the programme and make the approach available to a wider audience - with a view to developing WE into a national and international standard-setter of the future.

Further information:

WE (Worldwide Enhancement of Social Quality): www.we-socialquality.com

Consumer goods / WE report

A bridge between two worlds

In Bangladesh, the WE Project gives factory workers and managers new ways of improving working conditions at their companies.

The image is almost festive: the men are wearing dark suits, while the women have put on colourful saris. Some people seem a little stiff and uncomfortable, while others are relaxed and unperturbed by everything as they make their way through the air-conditioned lobby of the Sarina Hotel in Dhaka, Bangladesh. There could scarcely be a wider gulf between the day-to-day work and lives of the people who are rubbing shoulders here. Some are factory workers, many of whom have never set foot inside a conference hotel. The others are the bosses and managers, people who are familiar with this world. The bridge that has brought these people together here is the WE Workshop.

The WE project - the two letters stand for Worldwide Enhancement of Social Quality - was initiated by Tchibo in September 2007. The company worked together with the Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany's organisation for international cooperation, and the Federal Ministry for Economic Cooperation and Development (BMZ) on developing the programme. The project's aim: to improve working conditions in plants and factories across Asia with the use of innovative strategies. The pilot phase started in Bangladesh and Thailand with ten production sites in each country, and with twenty companies from China's Hangzhou

and Shenzhen regions. Since then, Tchibo has expanded the programme, and now ten more companies from Bangladesh and thirty more in China are involved. Sebastian Siegele is responsible for developing the concept behind the programme and for coordinating its implementation in the participating markets. Mr. Siegele heads the Berlin-based consultancy Sustainability Agents. For years he has been assisting suppliers in Asia and Eastern Europe with the implementation of the social responsibility requirements expected from them.

“WE’s approach is as unusual as it is effective,” says 46-year-old Siegele. “Instead of imposing social standards unilaterally and from above, the projects’ initiators engage in dialogue. We bring managers and employees together at the same table and help them cooperate to find solutions so that they can work better together in their day-to-day environments.” Set working hours, living wages, health and safety provisions and elimination of discrimination are just some of the issues on which, as is the case in today’s workshop for WE raises awareness. The six-member delegations representing ten Bangladeshi textile plants. Today’s event is part of a more extensive process that lasts two years and which comprises several training courses in the context of workshops and visits to plants.



Crossing hierarchies to raise awareness on issues in factories

“Identifying problems” is the first lesson on the day’s agenda. Employees and managers are divided into two different rooms, to ensure that everyone feels safe and is able to speak freely and without inhibitions. Local WE coaches recruited and trained specially for the task lead the participants through the exercise. First, they hand out cards in both rooms. Then they request the participants to write the problem that they consider the most pressing at the workplace on the cards.

A hush falls over the room containing the employees. Many of them lower their heads and stare at the paper in front of them. An exercise that most German employees would find easy is a task over which Bangladeshi workers hesitate. The two countries’ work cultures are not the same; communication on an equal level is rare; questioning, never mind criticising, decisions made by managers is unthinkable for workers. As a result, trainer and human rights activist Marshia Ahmed Talukder reminds the participants again that the people behind the points on the “problem cards” can remain anonymous. She emphasises: “Today, everyone has the same right to express their views and be listened to. Make it easy on yourselves, just write down a few key words or draw a sketch.” Some participants whisper among themselves, then the first of them reach for their pens.

Two views on the same challenge

The ice is now broken. After all the cards have been collected, some of the workers start to talk about their concerns - for example, it is often unclear who they should turn to within the company if they want to take a day off. Jesmin, 26 years old and employed in sewing, reports: “Once, when one of my children was sick and I had to go home quickly, I didn’t know what else I could do apart from just leaving without clocking out. Then, out of fear, I didn’t go back to work again until I had no more money. As a punishment, I got less money in the weeks after that, my attendance bonus was cut. This happens to a lot of my colleagues at my company.”

When the two groups join up again and the colourful cards of the employees and managers are pinned up to the metaphors boards, one thing quickly becomes clear: the difference does not lie in the challenges the two groups face, but in their perspectives on them. For the managers, the problem that Jesmin had previously described is one of “unauthorised absence”. Ainun, a manager at a textile plant, says, “At my company, about 15% of the workforce fails to come to work on any particular day.” This means that what at first sight seems to be an organisational problem that is easy to resolve in fact leads to delays in production, causes financial losses for the factory and makes the employees unhappy. In other words, the result is a situation where there are only losers.

Sebastian Siegele summarises the results of the card exercise: “Put simply, the employees’ viewpoint is that the working conditions are bad and that the company is not interested in their wellbeing. The managers see the issue as one of a lack of responsibility, loyalty and productivity among the employees.” The way WE offers out of this intractable situation is dialogue. Only when managers and employees communicate with one another in an open manner can they also forge a partnership to search for solutions, says Siegele. He continues: “As a rule, both sides know what the problem is and they usually know possible solutions as well.”

Role-plays reveal how severe the results of discrimination can be

“What is discrimination?” – the Power Walk is meant to deliver a striking answer to this question. This exercise is a combination of a role-play and a race. All participants are assigned a particular role and have to line up next to each other at the starting line. Here, a company director might be transformed, for example, into a working single mother, while a sewing machine operator could represent a young single man.

The coaches now ask questions like “Do you believe that you will be promoted if you work well?”. Anyone who answers yes to the question moves forward on step, while the people who answer no stay put. At the end of the exercise, some participants, such as the “single man”, have covered a lot of ground. Others, such as the “single mother”, never managed to leave the starting line. Now a question is put to the spectators, who were not aware of these roles: “Why do some people get left behind while others make progress?” People grasp the issue quickly: it has to have something to do with individuals’ backgrounds and personal situations, because the questions only addressed issues relating to performance and qualification. When the roles of the participants are revealed, many have become more aware of what discrimination is – and how severe an impact it can have on the people affected.

Improvements, step by step

By the time the afternoon arrives, the workshop’s participants have completed several hours of intensive exercises. They have discussed a lot and argued, but they have also laughed. The last task of the day is for every company team to draw up a plan of action. This document contains concrete suggestions for improvements developed by employees and managers working together. Timetables are also set for the individual implementation stages. For example, one of the teams agrees to cut weekly working hours by five hours in the future but leave pay unchanged. Sebastian Siegele says, “Of course, even with this reduction in hours, the staff still have to work a lot more than German factory workers, for example. But it is a start.”

Sumi, a 23-year-old who sews products for a Tchibo supplier, is also happy: “For the first time, I had the feeling that my boss really listened to my concerns. And I am proud of what I can achieve here for my colleagues at the plant.”



Everyone is a winner

The dialogue process organised by WE creates a sense of trust and motivates towards collaboration. And it is thanks to this trust and motivation that companies are making changes without prompting from outside. For example, after the workshop in Dhaka, one of the factories where absenteeism had become particularly problematic introduced a system for applying for leave in a manner that suited the lives and needs of the employees. As a result, absenteeism halved within two months, falling from 15% to 7.5%. This means that the factory’s managers can plan production with greater reliability, the company’s productivity has increased, and its staff earns more while eliminating a problem from their workplace – everyone involved has benefited.

Tackling challenges - working together, not going it alone

How Tchibo exchanges experiences and views with all relevant stakeholders.

Implementing social standards in the supply chain frequently brings Tchibo and other players up against the same issues. Some of these challenges are too great for Tchibo alone to tackle successfully; they are part of an overarching context and as such outside Tchibo's own sphere of influence. That doesn't mean we sit back and do nothing. Instead, we enter into a detailed dialogue with all relevant stakeholders - within our own supply chain as well as above and beyond it.

Set-in-stone structures, informal networks, a lack of understanding of the issues: Tchibo and other large retail companies often find themselves up against the same barriers when it comes to introducing international social responsibility standards in companies that produce goods for them. The background to this is that some of these issues - such as securing living wages or workers' freedom to join unions and enter into collective bargaining - are closely related to overarching macro-economic and political contexts and interests. In these cases, change needs to be negotiated step by step between all relevant local and international stakeholders. For this reason, we take an active part in multi-stakeholder organisations such as the Ethical Trading Initiative (ETI) and the German Round Table Codes of Conduct, as well as involvement in stakeholder dialogue in the context of our membership of Social Accountability International (SAI) and our commitment to the UN Global Compact.

Learning from one another means making progress together

If we want to drive change, we and our stakeholders need to learn from each others experiences. We conduct close dialogue with all relevant stakeholders in which we give them a detailed insight into our programmes and critically reflect them jointly. This is a practice that benefits all involved: We find out where there is room for improvement in our programmes. In return, we provide external stakeholders with valuable first-hand insights into the realities in factories and share our methods and experiences with them. In this way, discourse on social standards - and consequently their implementation - can continue to develop.

Talking to those affected by our actions, not about them: the WE Stakeholder Conference 2010

One example of our efforts in this area is the WE Stakeholder Conference, which took place from 9 to 10 June 2010 in Berlin. After an implementation and learning phase lasting two and a half years, the purpose of this event was to give all our stakeholders the opportunity to discuss our WE supplier qualification programme and its results. The participants included representatives of companies, trade unions, consulting firms, multi-stakeholder organisations, NGOs and other interest groups.

All the participants discussed the status quo implementation, the WE programme's prospects for the future, its successes and its limits. Experts from a wide range of fields came together in working groups to seek solutions to specific, reality-based questions and drew up strategies for even more effective implementation of social responsibility standards in the future. A particular feature of the event was that employees and managers from seven supplier companies and WE coaches from Bangladesh, China and Thailand were in attendance and gave detailed reports on their own personal experiences with the qualification programme. This form of stakeholder dialogue reflected our principle of not talking about those affected by our actions, but allowing them to talk. The results that emerged from the two-day conference form a valuable basis for the further development of WE and for implementing social standards in general.

Core challenges: securing living wages and enforcing the right to freedom of association and collective bargaining

Ensuring workers their rights to freedom of association, collective bargaining and living wages is an enduring challenge. Our membership in various bodies and initiatives enables us to pool activities and so boost their effectiveness.

For instance, a joint protest note from a number of international retail companies spurred the government of Bangladesh to raise the legal minimum wage for textiles workers after a long period of reluctance. The wage now being paid is still not on living-wage level, measured by the Asia Floorwage level. Nevertheless, the rise in wages represents a definite first step in the right direction.

ETI (Ethical Trading Initiative)

Since March 2010, we have been a foundation stage member of the Ethical Trading Initiative (ETI). Companies admitted to the ETI initially receive this entry status, which lasts two years, is reviewed after this period has elapsed with the first annual report and then, if the requirements have been met, changed to full membership status.

The purpose of this organisation, consisting of over 60 companies, trade unions and NGOs, is to elaborate and disseminate examples of good practice in the implementation of codes of conduct. The members work together on tackling issues which individual companies would not be able to handle alone. We have become involved in numerous working groups within the ETI, such as the China Forum, the Good Workplaces Programme and the Living Wage Programme.

German Round Table on Codes of Conduct

We have been involved with the Round Table on Codes of Conduct since 2007. This is a German-based forum with the purpose of promoting implementation of labour and social standards in developing countries. The German Round Table on Codes of Conduct, which is under the auspices of the German Federal Ministry for Economic Cooperation and Development (BMZ), encompasses companies, business associations, trade unions, NGOs and federal ministries.

Social Accountability International (SAI)

Social Accountability International (SAI) is a multi-stakeholder initiative which works for better conditions for employees and has developed, to this end, an internationally recognised standard for social management systems – the SA8000. We have been a member of the organisation's Advisory Board since 2006, and are also part of SAI's Corporate Involvement Program (CIP); in accordance with its stipulations, our own social responsibility programme undergoes regular monitoring to establish its effectiveness and identify room for improvement.

UN Global Compact

Tchibo joined the Global Compact initiative of the United Nations (UN) on 18 November 2010. The UN Global Compact creates international networks between companies, policymakers, employees' organisations and civil society. These diverse bodies are united by the objective of establishing universal respect for fundamental values in relation to human rights, labour standards, environmental protection and the fight against corruption. Our joining the UN Global Compact represents a declaration of our commitment to its ten principles and to respect for them in our business processes.

Further information:

Ethical Trading Initiative: www.ethicaltrade.org

Round Table on Codes of Conduct: www.coc-runder-tisch.de

Social Accountability: www.sa-intl.org

UN Global Compact: www.unglobalcompact.org

Consumer goods / The environment

Offering variety, protecting diversity

How Tchibo manages the life cycle of consumer goods in an environmentally aware manner.

From development to disposal, each and every consumer item has particular effects on the environment. Tchibo is committed to ensuring that each individual phase of this "life of a product" has as little negative impact as possible on our planet. With this holistic approach, Tchibo fulfils its responsibility to future generations - and safeguards the company's future. We are initially focusing on the product groups that are of particular significance for us.

We believe that treating nature with respect and doing business in a sustainable manner is part of our overall social obligation. At the same time, it means that we can guarantee our long-term business success, because resources are becoming scarce and prices for raw materials are rising. Environmental protection and efficient use of resources therefore play an important role in our company strategy, and as a result, 2010 saw us add more articles to our range of sustainably produced consumer goods.

A holistic viewpoint using life cycle analysis

We analyse the possible impact our products could have on the environment in a systematic way using, for the product groups that are most important to us, methods known as Life Cycle Assessments (LCAs). In our analyses, we check all of the phases in the life cycles of our consumer goods to ascertain their resource consumption and environmental impact. LCAs cover all phases, from extraction of the raw materials and production to the usage and subsequent disposal of the items. Using the results of these holistic analyses, we develop measures to further lessen our products' environmental impact at all relevant stages of the value chain. We have created a corresponding catalogue of criteria which our product designers use for guidance on environmental issues, meaning they can take these into account from the development phase onward.

Protecting resources, promoting recycling

Garden furniture, T-shirts, electrical appliances - the variety of materials used in the production of our consumer goods is just as diverse as our range of products itself. We deploy a number of strategies to ensure that resources and materials are used efficiently. The focus of our climate and environmental protection activities associated with our consumer goods is on the following:

- Cotton
- Wood
- Energy-consuming products

In the long term, we will evaluate the materials in question from the point of view of sustainability, so we can use raw materials still more efficiently and in this way reduce impact on the environment. This ambitious objective is something we can only achieve in conjunction with other companies and organisations.

Supporting environmentally and socially responsible cotton production

Cotton is one of the most important raw materials used in the textile industry. Over 20 million tons of raw cotton are harvested around the world every year. We want to make an active contribution to improving the quality of life of people who make their livelihood from cotton growing while also reducing the environmental pressures associated with the crop. We are working for more efficient and therefore more productive cotton cultivation, for example in the "Cotton made in Africa" initiative. In addition to this, we encourage the ecologically sound production of cotton cloth by stocking textiles made from cotton grown organically.

- **Cotton made in Africa:** The aim of the "Cotton made in Africa" (CmiA) initiative is to create long-term improvements in the lives of small farmers in Africa and their families. Farmers are trained in the use of modern, efficient cultivation methods, such as consciously keeping pesticide use at a minimum while using modern irrigation techniques. There are also parallel projects which support the education of children and young people in these cotton-growing areas. CmiA textiles already account for 5% of the cotton products we sell each year - this means 2.8 million T-shirts, jumpers, jackets, trousers and domestic articles. In 2010, we were the world's largest user of CmiA cotton.
- **Organic cotton:** Since 2008, we have been stocking products made from organically produced cotton. We work with the independent international organisation Textile Exchange, whose standards system ensures that the cotton is cultivated in absolute accordance with the EU's regulation on organic farming, which stipulates the use of natural pest control and organic fertilisers only.

In the 2010 financial year, sustainably cultivated cotton from the "Cotton made in Africa" project and organic cotton (certified to Textile Exchange OE 100 standard) accounted for 5.2% of our total range of cotton goods. We want to continue increasing this percentage. In order to achieve this aim, we are currently revising the processes we use in purchasing. However, current raw cotton prices have made it difficult to adhere to these aims, so what we at least want to achieve is to maintain our 2010 rate in 2011.

Of growing importance: wood from sustainable forests

Forests are home to millions of plants and animals; they soak up CO₂, which has a detrimental effect on the climate; and they protect the soil from erosion and desiccation. We use wood for a lot of our consumer goods, particularly for garden furniture. We are continuously expanding the use of wood obtained from sustainable sources, and we are implementing measures to ensure that wood obtained from illegal logging is not used for our products. In 2010, we topped the "wood ranking" compiled by the World Wildlife Fund (WWF), outperforming other retail companies which make a wide range of products for the mass market. It is a distinction we are proud of.

- **Forest Stewardship Council (FSC®):** We work with the FSC® for wood products because the standard maintained by this organisation was developed using what is known as a multi-stakeholder process. For over 10 years, all garden furniture we sell that is made of tropical or boreal hardwoods has been certified according to the standards of this non-profit association. This seal of approval guarantees that the product was made with wood sourced from forests managed in an environmentally and socially responsible way. As of September 2009, we hold our own FSC® certificate, making us the first German retail company with one for both paper and wood products. In mid-2010, we became members of FSC® Germany, and in 2010, we were able to provide our customers with 29 FSC®-certified products - up from 19 the year before. This is a trend which we want to step up in 2011.
- **Forest Tracing Standard (FTS):** In 2008, we also developed a standard of our own, the Forest Tracing Standard (FTS), an undertaking in which we received the support of the WWF. Our standard stipulates that our suppliers have to be able to prove where the wood we buy comes from. This ensures that no wood is obtained from areas where illegal logging takes place and that no protected species are used. We revised the FTS standard in 2010 to make it easier for suppliers and buyers to understand. At the same time, we made our basic requirements even stricter. These measures contribute to our aim of widening the FTS standard to cover all of our products which use wood, so helping us fully meet the stipulations of the EU's FLEGT programme against illegal logging and the illegal timber trade - these regulations will be binding as of the year 2013.

From two hours to seven minutes - less is more in standby mode

We are aware of ecological issues even during the development phase of our electrical goods, an approach which brings us in line with the EU's Ecodesign Directive. The objective of this law is to increase the energy efficiency and overall environmental friendliness of electrical items and other products which affect energy consumption. One aspect of implementing the EU's Ecodesign Directive is minimising the amount of electricity our appliances use when they are on standby. Over the past few years, we have made a lot of progress here, and we have been able to cut our appliances' standby use of electricity to under one watt. In 2010, we also substantially reduced the standby time of our Tchibo Cafissimo coffee capsule machine from 120 to 7 minutes.

REACH: effective protection from harmful substances

REACH stands for “Registration, Evaluation, Authorisation and Restriction of Chemicals”, and it is the name of a EU regulation which came into force in June 2007. The guideline regulates the use of chemical substances and is intended to protect people and the environment from harmful and dangerous chemicals. We want to play a leading role in implementing this new regulation, and as part of our comprehensive management programme for component chemicals, we are concentrating on eliminating the use of particularly hazardous substances from our consumer goods. In addition, we have adapted our supplier contracts to REACH, and we have developed a system for ensuring that we fully and reliably meet requirements on customer information.

Setting a green example

It doesn't matter one bit how environmentally sound our range of products is if consumers don't buy them. For this reason, we have made it our goal to encourage climate-friendly and sustainable consumption. For example, in August 2010, one of our weekly themes revolved entirely around resource efficiency in the home. The slogan was “We help you save - and set a green example”, and our customers had a wide choice of consumer goods designed to reduce resource consumption, such as timers, digital thermostats and water-saving components. FSC®-certified wood products and CmiA cotton products also each played a central role in one of our weekly themes in 2010. In the coming years, we will continue to provide our customers with information specifically related to our products, by making brochures and flyers available in our shops and in the internet.

Further information:

Cotton made in Africa: www.cotton-made-in-africa.com

FSC Germany: www.fsc-deutschland.de

Textile Exchange: www.textileexchange.org



Sustainability management

Responsibility supply chains

For our customers

Environmental protection

Employee benefits

Engagement with Society

Facts & Figures

Innovative products, excellent service

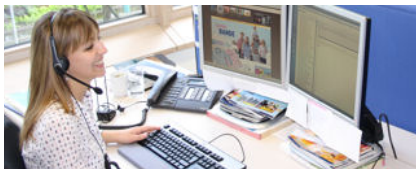
How Tchibo keeps and fosters its customers' trust.

Our customers' trust is the basis of our success - the strength of our brand depends on it. The question of how we can best fulfil our customers' expectations today and in the future plays a significant role in determining our business activities. The answer is: Tchibo has to offer services and products that provide added value and that set us apart from our competition.

Over the past 60 years, we have developed a wide customer base through special products, high quality, fair prices, friendly and competent advice, and individual service. Our future success depends largely on our being able and willing to maintain and bolster the brand's popularity and customers' trust in it. We can achieve this by means of consistent customer orientation, top quality products and full consumer protection.

- **Customer orientation:** In our business culture, consistent customer orientation is a central value. We want to attract and retain customers by means of our service promise and standards.
- **Products:** We will live up to our aspiration to provide the best quality products through comprehensive testing processes and extensive testing. Our understanding of quality also encompasses social and environmental factors.
- **Consumer protection:** We are in constant contact with our customers, putting all of our efforts into complying with the legal requirements that protect consumers and their personal data.

Customer orientation



It is our highest priority to satisfy our customers. That's why customer orientation is one of the central values in our business culture.

Service: at the heart of all we do

Why Tchibo values its customers and their satisfaction so highly.

Each week, over ten million customers visit Tchibo shops in Germany, Austria and Switzerland alone, as well as Tchibo's online shops. Their satisfaction is our top priority. Consistent customer orientation is therefore a central value of Tchibo's corporate culture. We listen to our customers, learning from their criticism and suggestions just as we do

from their wishes and ideas. We take targeted measures within the scope of our market research activities, not only to ascertain and evaluate opinions, but also to align our operations with customer feedback.

We are judged by our standards of service as well as by our products, and therefore these standards have top priority. We want to bring people to our business through our service promise and standards. We present ourselves to customers with openness, honesty and transparency, values also represented by our skilled customer service operations and professional, comprehensive complaints management system. We want to harness these services to continue to improve our services and products in the future. "Whatever we do, we do it for our customers" is our business principle. If for some reason our customers are not satisfied, we do everything we can to find the causes and to avoid future mistakes.

Listening to our customers: The online survey centre

Before we can understand our customers' expectations, we first have to know what these are. For this reason, we established the Tchibo Expert Online Panel customer survey centre in July 2008. Over 4,000 Tchibo customers are regularly interviewed through this market research tool on topics concerning Tchibo. "Panellists" can provide their opinions online. Employees in the market research department then present the results and make these available to the appropriate departments, such as product development. Through this system we are able to base decisions concerning our product range directly on our customers' wishes.

When it comes to sustainability, our customers expect even more

In 2010, we carried out a survey on the issue of sustainability with the help of the Tchibo Expert Online Panel. The result: There is a fundamental interest in social and environmental issues, but half of the respondents were unaware of our activities in this respect - and only one-tenth of respondents felt well-informed. These figures show clearly that we have not yet been able to satisfy our customers' need for information on the topic of sustainability. In 2011, we will work even more rigorously to develop measures that will keep our customers still better and more fully informed of our ecological and societal efforts.

Customer orientation / Service concept

Fostering long-term trust through daily commitment

How Tchibo puts its service philosophy into action.

We want Tchibo customers to feel right at home with us. We are dedicated to keeping them satisfied with premium products and outstanding service. Our customers experience our service not only through direct contact with our skilled and dedicated employees in our shops, but also through the quick and easy ways to reach our customer services department, such as email and telephone.

Our customers' requests, questions and needs are our top priority. We make every effort to attract and retain customers, not only through our products, but also through our service - and our efforts are successful. According to a recent study from the German Institute for Service Quality (DISQ), our telephone customer service is in first place, and Tchibo was also ranked highly overall and in the other specific service areas examined in the study (internet, email, and shipping quality). But we are not going to quit while we are ahead. We know that we can only continue to justify the trust our customers place in us if we remain dedicated to them every single day. Therefore, we acknowledge errors, which we know we can never completely rule out, and do everything we can to rectify the mistakes that do occur and to avoid them in the future.

Our service promise

Regardless of which communication channels our customers choose, they can always count on Tchibo's service promise, encompassing six criteria that guide our actions and which we regularly evaluate and adjust where necessary.

- **Uniqueness**

We develop our products specifically for our customers, fulfilling top quality standards.

- **Safety**

We have every single product inspected for safety and/or pollutants by at least one independent testing institute.

- **A sense of responsibility**

We require and encourage environmentally and socially sustainable production conditions around the world.

- **Long product life**

We place a three-year warranty on all technical products* as well as on every single zip used in our consumer goods. We repair defects within 14 days, exchange products or refund the purchase price.**

- **Faster service**

Tchibo's customer service is available on the phone, via email or by post seven days a week.

- **Goodwill**

Our customers have an unlimited four-week** right to return items in all shops, where they receive a refund for the purchase price upon providing proof of purchase. In Germany, goods ordered online can be returned within 14 days*** without giving a reason.

* Valid for all products carrying the logo for a three-year warranty.

** Proof of purchase required.

***Only applies in Germany (a 14-day right of return is required by law in Germany).

Globally binding, in action worldwide: our service standards

Our service promise criteria form the basis of our service standards. These principles are binding for all our employees. Minor, individual variations in the service standards, especially in eastern European countries, arise due to national legal or competitive regulations or procedural conditions. Our customers can count on our service principles, which regulate how we handle complaints and exchange requests. We want to strengthen our customers' trust in us and highlight our dependability by carrying out a number of measures.

Customer-oriented and unbureaucratic: Our service in our shops and online

Our shop employees have far-reaching authorisation to make decisions on complaints and exchange requests directly, personally, quickly and unbureaucratically, in the interest of our customers. Additionally, we provide a three-year warranty for every product costing over ten euro - one year longer than is required by law. If a warranty claim occurs, our customers can choose to have the item repaired, exchanged or refunded upon providing proof of purchase.

One customer's reaction to Tchibo's customer service:

I was very happy to receive your response and was especially impressed that you take your customers' concerns so seriously.

Tchibo's service standards apply to all sales channels and can be viewed by customers online. Our customer service and Tchibo shop employees will be pleased to provide information on the services we provide within the framework of our sales channels. For example, products received through online orders can be exchanged in our shops if the customer prefers - a valuable service for many of our customers. Upon request, our ordering service will also deliver our products to a Tchibo shop of the customer's choice, where they can pick them up later.

Our guiding principle: open, honest and transparent communication

Open, engaged communication is vital to us. For example, our customers and other interested parties can find worthwhile information on issues such as our quality and service online at www.tchibo.com/qualitaet. We also communicate bad news openly and honestly, such as when we promptly informed our customers about necessary coffee price increases at the end of 2010. We posted a letter about the price increase to our customers in shops and online in December 2010.

Ever more expert advice

Our consistent customer service philosophy not only encompasses communication, but also our employees' expertise. We will only be able to fulfil our customers' individual requests and needs if we make an effort to understand them and to communicate with them. Therefore, we began to enhance the customer advice skills of employees in Tchibo shops during the year under review, giving them the capacity to provide customers with a still higher quality of responses to their questions.

Customer orientation / Shop service

Qualified advice, pleasant atmosphere

How Tchibo continuously trains and qualifies its shop employees.

Every day, Tchibo employees are at the side of customers with help and advice, making them the face of our company. The trust that the Tchibo brand enjoys is based on these people's skills and passionate efforts. Therefore, Tchibo places great value on preparing employees for customer contact as thoroughly as possible and on regularly keeping their training up to date with courses and motivational training sessions.

They are dedicated, experienced and well trained: Our shop employees are the public face of our company. They make a significant contribution to Tchibo's good reputation through their immediate contact with our customers - and also determine our customers' satisfaction. They provide information about our products and respond to the individual wishes and requests of those who visit our shops. Our salespeople's skilled and friendly manner is founded on the regular training measures they take part in as well as on the outstanding working atmosphere they benefit from - the latest "Great Place to Work®" study confirms that our shop employees enjoy a high level of satisfaction and motivation.

KISS - More freedom for our customers

Something being good, though, doesn't mean it couldn't be better. In 2009, according to a study, our shop workers spent about 40 per cent of their time at work completing administrative tasks such as inventory, counting cash, returns, inspecting incoming goods or doing paperless daily accounting. We want to change this within the KISS initiative. "Keep it Simple and Short" aims to lighten the load for our shop employees so they can devote themselves still more fully to our customers. We are conducting tests to find ways to optimise numerous areas of activity, such as logistics, supply chain, IT, office work and sales in the field. In 2010, we were already able to implement 16 individual measures.

A few examples: Since 1 August 2010, customers have been able to reach us via a central shop service hotline. Transferring about 7,000 telephone calls a week, the hotline relieves our shop employees while making sure our customers continue to receive top-class service. We have also implemented a simpler and more efficient way of processing complaints. Since the end of 2010, all products sold in Germany have a return label. Customers can make complaints about products for free and with very little effort, sending them directly back to us - which significantly shortens our processing times.

Multifaceted training for our shop employees

Our huge variety of products and the growing complexity of our consumer goods pose a particular challenge to our shop employees. We conduct regular training measures to enable them to give our customers reliable information about the entire product range, offering varied training courses with themed focal points and relating to the individual needs of shops and employees. In 2010, all training courses for 1085 employees were carried out by in-house coaches. We achieve a high success rate by individually preparing our training participants and following up with them.

The multimedia shop intranet, communication and integration via district managers and sales managers, and specialised training for shop managers at our headquarter are all examples of the multifaceted measures we take to ensure that our employees, including those working in our shops, are always comprehensively well-informed and up-to-date and that they are as thoroughly trained as possible.

New concept for Tchibo shops

In 2010, we embarked on the first reorganisations of our shops into our new shop formats "Filiale 2010" (Shop 2010) and "Tchibolino". "Tchibolino" is our shop concept for small retail spaces; these shops are mainly located in small and medium-sized towns and in city suburbs.

The "Tchibolino" concept emerged from the 2010 shop concept and adapts ideally to the particular features of small retail spaces. Two Tchibolino shops opened in 2010, in the towns of Kamp-Lintfort and Mölln.

In large city locations and shopping centres, 2010 saw the introduction of the "Filiale 2010" shop concept with the opening of eight new-generation shops in locations including Hamburg, Lübeck and Passau. Regardless of the format strategy employed, the shops are united by Tchibo's harmonious signature combination of coffee bars, the non-food section with consumer goods, and coffee retail. The shops' interiors and exteriors have been revamped, with new furnishing formats and a differentiated range in the coffee bar area. These shops are beacons for the Tchibo brand.

Sustainability: an issue in Tchibo shops too

We have made it our responsibility to foster sustainable consumption. This also means that our shop employees should be able to clearly and simply explain the environmental and social quality characteristics of our products, such as our sustainable coffees. To support our employees in this endeavour, we have compiled a thorough, yet easy-to-understand shop information guide on "Sustainability at Tchibo". This guide is continuously expanded, in view of the increasing percentage of sustainable goods in our product range, and ensures that our shop employees are not only informed about the most important standards, but also that they can explain our commitment to sustainability to our customers upon their request.

Customer orientation / Customer service and complaints management

An ever greater degree of customer satisfaction

How Tchibo is continuously optimising its customer service and complaints management procedures.

Tchibo wants its customers to be satisfied. Its qualified customer service employees are ready and waiting to take questions and suggestions round the clock, while Tchibo's technical service centre takes care of complaints about products where faults have occurred during the guarantee period. Likewise, we respond promptly and reliably when we are criticised: Our complaints management system helps us to keep on improving our products and services.

For our customers

Our customer services are aimed at all customers who have purchased Tchibo products or who need information before making a buying decision - in Tchibo shops, online and in our concessions in supermarkets and specialist shops. Employees from Tchibo and from external service providers give competent advice over the phone, by email or post, processing enquiries as speedily and unbureaucratically as possible. For instance, customers can order replacement parts or accessories such as vacuum cleaner bags and toothbrush heads, or get information on the delivery status of goods they have ordered.

Closer to you: our customer service

Our customer service department's call centres feature a range of hotlines with different areas of expertise. In 2010, they received more than five million enquiries altogether, about half by phone, the other half by email. As you can see in the list below, the enquiries mostly concern products and orders. Of all enquiries, 94 per cent can be resolved or orders fulfilled on first contact. This figure is particularly significant for customer satisfaction, because it means that customers are receiving the information they need quickly and directly. And it also represents a boost in motivation for our customer service employees.

Our aftersales department takes care of customers who need attention after having bought a product. Its employees took 295,792 calls and responded to 150,521 emails in the reporting period.

Reasons for customer contacts before and during product purchase in 2010

All figures in per cent

Delivery times/date and time of delivery	18.1
Queries on account balance	13.9
Placing orders	7.9
Call forwarding to another hotline	7.5
Complaints on articles	4.8
Response to payment reminder	4.4
Enquiry on handling of returns	4.0
Wrong amount (too many/too few)	3.7
Problems with online shop	3.4
Item availability	3.3
Exchanges	3.2
Enquiries on vouchers/coupons	2.9
Delivery of wrong item/s	2.6
Breakages/damage	2.0
Missing invoice/delivery note	1.8
Other	16.6

Reasons for customer contact after product purchase in 2010

All figures in per cent

Product enquiry: consumer goods	17.5
Customer care	15.8
Enquiry on repairs	15.1
General enquiries	11.1
Placing orders (replacement parts)	10.7
Ordering service (accepting orders)	5.9
Information on telephone numbers	5.4
Tchibo mobil (forwarding to appropriate service)	2.7
Exchanges	2.3
Cafissimo (incl. forwarding to Cafissimo hotline)	1.8
Refund of purchase price	1.3
PrivatCard (incl. forwarding to PrivatCard hotline)	0.8
Enquiries on possible cooperations	0.7
Discounts	0.4
Returns of products which fail to please	0.3
Other	8.2

Previously, all hotlines had been run by external service providers. This has now changed: Since 2010, Tchibo employees have been responding to and taking care of customer enquiries, first at the Cafissimo hotline and from 2011 at the PrivatCard hotline as well. Our stated aim is to make customer care more comprehensive, get closer to our customers and respond more flexibly to their needs.

Expert quality assurance: our technical service centres

Complaints about products which are under guarantee are taken care of by three external technical service centres managed by Tchibo and additional service centres run by cooperation partners. Tchibo obtains replacement parts for furniture from various Furniture Service Centres. Our general principle is that, wherever possible, we rectify defects within 14 days, by sending out a replacement part, repairing the product or replacing the item with a new one.

In the reporting period, our technical service centres dealt with approximately 196,000 complaints. At 2.5 per cent, our average rate of complaints remained low. The most common cause for contact with the technical service centres was to request the replacement of a faulty item; other customers asked for repairs, replacement parts or accessories.

Number of contacts and processing times in service centres

	2008	2009	2010
Complaints	285,000	223,000	196,000
Proportion of repairs/replacement parts required	48 %	53 %	60 %
Average throughput time (working days)	2.8	3.7	4.5

- The number of complaints has fallen from 285,000 in 2008 to 196,000 in 2010.
- At the same time, the proportion requiring repairs or the shipping of replacement parts has risen from 48 to 60 per cent. This means that the useful lives of products that were the subject of complaints have become longer and the proportion of scrapped defective products could be reduced thanks to the lower number of completely replaced products.
- The shift in the handling of complaints from replacement of the entire product towards repairs has led to rising complexity of tasks in the service centres, increasing average throughput times from 2.8 (2008) to 4.5 working days (2010).

Regular checks confirm top-quality service

All processes in service centres are audited regularly. Additionally, our technical services undergo an annual quality audit conducted by an external institute. Auditing criteria include throughput times (i.e. the amount of time it takes a complaint to be resolved), friendliness and specialist expertise, as well as the amount of time it takes to answer a customer’s call. The Tchibo Service Centres achieve consistently very good results. However, here, as in all other areas, we refuse to rest on our laurels, but rather continue striving to keep improving our performance in our customers’ interests.

So that customers receive the best possible service, we have a large number of interfaces between our customer service and the service centres. For example, complaints are fed into our call centres’ systems, so that they can respond with awareness of the situation if the customer should call. It works the other way too: orders for replacement parts are transmitted daily from the call centres to the service centres.

Customers give us valuable pointers

Here, as across our entire business, we want to keep on getting better. The numerous and diverse enquiries we receive from customers from all sales channels, and which we analyse, help us to achieve this aim. They give us valuable pointers on how we can improve. An example might be our improvements to labelling on product packaging: our customers are pleased to find they can now see all the information they want on a product at a glance.

Every point of view counts: our complaints management system

Our response to complaints is just as speedy and reliable. Criticism and suggestions for improvement provide us with the opportunity to continue perfecting our product range, processes and services. To this end, we have developed a detailed guide for our employees, which sets out guidelines for dealing politely and competently with customers informing us of their complaints and lays down rules on how we can accommodate them. All complaints data is fed into a constantly updated database, which we analyse monthly. Management is informed regularly of the results of this analysis and the corrective measures that have been implemented.



Dr. Ingo Schoenheit

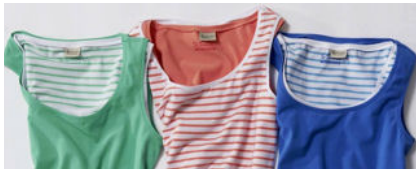
Managing director, imug

Since the beginning of 2009, the consultancy imug has been systematically and independently monitoring Tchibo's quality of customer service. It conducts "mystery customer" tests in which imug employees pose as customers and take a close, comprehensive look at customer service at Tchibo. This way of looking at Tchibo from the perspective of its customers, with its extremely demanding assessment criteria, provides us with a demonstration of the high standards Tchibo has set itself in relation to optimising its customer service. Quality is already on a very high level, but it is still evident how serious Tchibo is about continuously improving and advancing in this area. At Tchibo, consistent customer orientation is a key component of responsibility in its core business and

therefore an integral part of its view of sustainability. We see this attitude as both up-to-date and consistent, and will continue monitoring it closely in the future.

The Hanover-based consultancy imug Beratungsgesellschaft für sozial ökologische Innovationen mbH (imug) has been conducting evaluations of our complaints management system since 2009. In 2010, we were able to further boost the quality of our customer enquiries processing in comparison to the previous year, with particularly marked improvements in the quality of the content of responses to complaints made to management. The Tchibo Cafissimo service team, newly established in 2010, has also achieved initial successes: there is clear evidence that the competence of responses to enquiries on Cafissimo is higher than that found in the overall performance of all aftersales teams. We want to keep on improving, and to this end will continue annual evaluations of our systems.

Products



Our unique business concept combines our coffee expertise with a range of consumer goods that changes on a weekly basis. We offer the finest product quality in both areas, also integrating societal and environmental factors into our work.

Tchibo customers shop at the quality experts

What the essence of Tchibo's unique business model consists in.

The Tchibo name stands for one of the most popular retail and product brands there is. Our success is due first and foremost to our unique business model: Tchibo blends expertise on coffee with a new experience every week of top-quality consumer goods at fair prices.

We add emphasis to our superlative product quality standards by conducting rigorous testing processes and comprehensive product checks. One of our central challenges in this regard is increasing the amounts of sustainably produced raw materials we use. Our extended concept of quality, which applies to all our products, encompasses and prioritises social and environmental issues.

In this context, we are committed to encouraging our customers to adopt sustainable consumption practices, and we assist them in doing so by promoting sustainability-conscious purchasing decisions and environmentally and climate-conscious behaviour. The ways in which we realise this range from saving energy and water in the

production of our goods to providing our customers with services around eco-tourism and green electricity comprising 100 per cent hydroelectric power. We frame our commitment in the context of consistent dialogue with customers, other companies, and political representatives, aimed at encouraging climate-conscious practices.

Products / Quality and safety

Setting high standards - and keeping to them

How Tchibo ensures its product range is high quality.

For both coffee and consumer goods, Tchibo applies the highest quality standards to its product range. Tchibo's customers can rely on the products they buy being safe and having long useful lives - all at fair prices.

Which raw materials are used in a product? What are the conditions in which an item is produced? Such questions are just as important to us as the matter of a product's quality at the end of the production process. When we talk about quality, we don't just mean the product the customer receives at the end of the process. Instead, we view quality as a holistic concept encompassing all stages of production.

Nothing but the best beans: our coffee

From carefully selecting the best beans via refined roasting processes all the way to expert preparation of drinks in our Coffee Bars - our coffees are no exception to our view of the Tchibo quality promise covering the entire production process, from cultivation right to the drink in the cup. We want to produce coffees with the highest quality and most perfect freshness, and so we only select the best beans: Tchibo Arabica. If we wish to meet the standard we have set ourselves - providing our customers with the best-quality coffees year in, year out - we need to take the greatest of care all the way along the value chain: from selection of coffee beans at source, to transport, roasting, and packaging. To us, top quality doesn't just mean the sensory characteristics of the coffee, such as taste and aroma, but also encompasses environmental and social aspects of its production.

To help us do justice to our standards, we have laid down comprehensive requirements for raw and roasted coffee qualities for our company, which are binding across all countries and sales channels. This set of "coffee regulations" includes such components as the Tchibo Coffee Standards, quality requirements for raw coffee and quality requirements in the area of sustainability. We aim to keep at all times the quality promise we give our customers, and to continuously improve on it.

Robust processes, uniform standards, independent testing: our consumer goods

Our products are developed in-house by Tchibo experts and produced exclusively for us. Contracts with our suppliers contain the quality requirements we expect them to meet, which lay down binding stipulations regarding both the strict regulations on harmful substances and conditions for production workers. We are convinced that only robust processes and clear standards along the entire value chain will guarantee the highest levels of quality and safety.

Furthermore, every single product series produced by us undergoes a precisely defined testing process. You can find an example of a test report below (further information). This example contains all the quality requirements and testing criteria applied to a "magic pen" set for children; they were set down as binding before production began. Using these criteria, comprehensive tests are carried out to ensure that the product meets all our requirements, in matters such as safety, levels of harmful substances, robustness or characteristics of materials.

In our consumer goods quality management department alone, more than 120 employees across the globe dedicate themselves every day to ensuring our strict criteria are met. In addition to our own extensive monitoring, independent certified testing institutes carry out all required safety investigations and tests for harmful substances. Our high standards are summarised and symbolised by our seal of quality, "Tchibo Certified

Merchandise" (TCM), with which we guarantee that products made exclusively for Tchibo feature outstanding product quality, that the materials used in them are selected with care and that production is carried out to a high standard.

Our guarantee and goodwill promises: above and beyond legal requirements

If ever, in spite of our high standards, a customer should not be satisfied, we are ready, with our guarantee and goodwill promises that go above and beyond legal requirements, to proactively meet their needs and to show them that they can rely on Tchibo quality.

Tchibo's quality promise includes avoiding cruelty to animals

We reject cruelty to animals. For this reason, we employ only by-products of food production in items produced using down, feathers and leather. For years now, we have adhered to our resolution to exclude fur products from our range.

Further information:

Tchibo Corporate Website: <http://www.tchibo.com>

Test report Tchibo children's magic pens set: www.tchibo-nachhaltigkeit.de

Products / Sustainable consumption

Shopping with a social conscience - helping to protect the environment and climate

How Tchibo fosters sustainable consumption.

Tchibo consistently works to shape its product range to be even more environmentally and socially responsible. However, our commitment will only bear fruit if consumers can identify sustainably produced goods and express demand for them. With its attractive offers and specific communication with customers, Tchibo fosters sustainable consumption that protects the climate.

To have any effect, sustainable products first have to be purchased. However, many consumers do not have the information they need to make environmentally and socially sustainable purchasing decisions. Tchibo therefore places great value on purposefully informing consumers about what they are buying. We want our customers to understand sustainability as a major facet of product quality so they can experience the added value associated with sustainable consumption.

We set a green example

It's likely that practically everyone has resolved at least once to use less power and to be more conscious of their use of water in their everyday life. We want to help our customers to put such good intentions into action. In August 2010, we focused one of our weekly themes on the topic of resource efficiency in the home. Under the motto "We help you save: Setting a green example", we provided our customers with a comprehensive range of consumer goods which they could use to save energy, water and CO₂. The products included switch timers, digital radiator controls and water-saving attachments. We also offered additional assistance and services to our customers, such as comprehensive, no-obligation energy saving advice.

Protecting the climate - and customers' wallets

We wanted to accomplish one major thing in the course of this "green week": to show our customers that purchasing sustainable products allows them not only to boost environmental and climate protection, but also to save money. We implemented multifaceted communication measures, labelling products with "saving" symbols to help customers find what they were looking for, and offering additional information about the specific benefits provided by the individual products in our customer magazine and on product packaging

labels. On our website, meanwhile, customers could find background information, formulae for the calculation of energy savings, and tips and advice about saving resources in everyday life.

Helping to secure tomorrow's energy supply

Our future energy supply should be climate-friendly, dependable and affordable. Tchibo wants to contribute to the future of energy, and since October 2010 it has provided green energy consisting entirely of hydroelectric power. In January 2011, we brought an ecologically sound gas product to the market. We also promote solar power: In 2010, through our cooperation with SiG Solar, we included photovoltaic systems in our product range.

Holidaying with a clear conscience

In 2010, we offered our customers many options to "travel consciously", helping them plan environmentally and socially responsible holidays. They included environmentally responsible modes of transport during travel to and from destinations and in on-site activities. Our customers were also encouraged to offset greenhouse gases released by their flights by making donations to the atmosfair organisation. Our efforts in this respect served to strengthen local economies: we selected owner-managed hotels, regional modes of transport, and local restaurants and tour guides.

Seals help to identify sustainable Tchibo products

We use various seals and labels to make it easy for our customers to identify the sustainable goods in our product range at a glance. For coffee, we cooperate with the Rainforest Alliance, Fairtrade and the standards organisations that issue the "Bio-Siegel" ("organic seal") in accordance with the EU Organic regulations. For our consumer goods, we primarily work with Cotton made in Africa, Textile Exchange and the Forest Stewardship Council (FSC®).

The "Colours of Africa" collection, which we put on the market in June 2010, is one example of what we have accomplished through such cooperation. The special thing about this collection was that we used 100 per cent sustainably produced cotton to create colourful, African-inspired textile products marked with the "Cotton made in Africa" label. The aim of the "Cotton made in Africa" initiative is to improve profits and sales opportunities for African cotton producers in Benin, Burkina Faso, Ivory Coast, Malawi and Zambia. To get our customers interested in the collection, we advertised it in our customer magazine and made further information available.

100 per cent sustainable: Coffee in Tchibo Coffee Bars

Tchibo is the right choice for anyone looking to drink environmentally and socially sustainable coffee on the go. Since the end of 2009, our 500 Coffee Bars in Germany have exclusively served drinks based on sustainably cultivated coffee. In 2010, this still excluded decaffeinated coffee and coffee specialities, but as of 2011 we are also preparing our decaffeinated drinks with sustainable coffees. The espresso and coffee specialities in our Coffee Bars have been prepared with espresso carrying the Fairtrade certification seal since 2008. Since 2010 Caffè Crema and our classic filter coffee comes from farms that have been certified by the Rainforest Alliance.

We communicate via all channels - with customers and decision makers

Industry, politics, civil society, unions and consumers have to pull together to foster sustainable consumption on a lasting basis. We communicate with our stakeholder groups via various channels to make this happen. In 2010, we published our first customer brochure on the issue of sustainability, and we provide comprehensive information on our website.

Taking action against CO₂ emissions - with strong partners from politics and industry

Since 2008, we have been an active part of the "Platform on Climate Appropriate Consumption Germany" (PKKD). The initiative aims to support relevant communication between industry, politics and consumers to help lower greenhouse gas emissions.

The platform originated as the German pilot project "Product Carbon Footprint" (PCF). We were involved in this project from 2008, together with eight other companies, under the auspices of the WWF environmental foundation, the Öko-Institut e.V., the Potsdam Institute for Climate Impact Research (PIK) and consultants Thema 1. The "Product Carbon Footprint" is a CO₂ footprint based on each specific product, which adds together all greenhouse gas emissions that accrue for goods and services over the course of their production, shipping,

use and disposal. During the project's pilot phase, the main task for the project participants was to calculate and draw up a "balance" for the greenhouse gas emissions of selected products. To this end, Tchibo determined the CO₂ footprint for one of its Rainforest Alliance-certified coffees from Africa, as well as for a sports bag produced in Asia. Through their efforts, project participants created important foundations on which to rate products' impact on the climate - and took steps toward harmonising the PCF methodology internationally.

Since the end of the pilot phase, participants in the PCF project have dedicated themselves to answering further questions. In a symposium, held in November 2010, to find solutions to the question "Alternatives to decreasing consumption?", the organisation presented approaches, challenges and suggestions in support of climate-friendly consumption to the general public and discussed these considerations with participants.

We have also been taking part in the German Ministry for the Environment's "Industry and Policy" climate protection dialogue since May 2010. This initiative has compiled suggestions for how industry can contribute to reducing greenhouse gas emissions. Results from this process are now available to delegates in the German federal parliament, the federal states and municipalities, and EU-level political representatives.

Products / Sustainable consumption / Interview with Stefan Dierks

"Sustainability is part of our business strategy"

Stefan Dierks, Senior Manager of Corporate Responsibility, on socially and ecologically sustainable purchasing.

By purchasing sustainable products, consumers can keep tabs on their resource consumption, improve their personal carbon footprints and influence the social consequences of their consumption behaviour. Tchibo provides an increasing number of products that live up to this standard. Stefan Dierks, Senior Manager of Corporate Responsibility, explains how Tchibo dedicates itself to sustainable consumption in the following interview.



Mr Dierks, these days we are hearing more and more talk about "sustainable consumption". What is behind this concept?

For the consumer, sustainable consumption means becoming conscious of how products are produced and used. Under what conditions was a specific product manufactured, and where did the raw materials for this product originate? What effects do manufacturing and shipping have on the environment? And how can I use this product in an environmentally friendly way? People who ask themselves questions like these are already well on their way toward becoming sustainable consumers. In

other words, people who practice sustainable consumption take the resources and social environment surrounding production into consideration when they make purchasing decisions and when they use products.

Aside from a clear conscience, are there any other incentives for customers to practice sustainable consumption?

It is actually possible for consumers to save money this way. People who limit their energy and resource consumption by purchasing and using goods such as power strips, LED light bulbs or water-saving attachments can often considerably cut their expenses.

So far, there has been a lot of discussion about the "consumer" - do consumers alone bear the responsibility for sustainable consumption?

No, we are talking about a group effort. Before a user can begin to practise sustainable consumption, numerous groups have to dedicate themselves to the cause. Governments, non-governmental organisations, unions,

producers, retailers and consumers alike share a common responsibility. Everyone needs to work hand in hand to make environmentally and socially sustainable consumption a reality.

What does this mean for Tchibo?

This means that we are committing ourselves to sustainably developing consumption behaviour both internally and on a cross-company basis.

What does this mean in concrete terms?

First of all, this means that we are offering more and more products that live up to this standard of sustainability. We are increasingly providing sustainably cultivated coffees. And we are sharpening our focus on production countries to ensure that our consumer goods are produced under sustainable conditions. For example, we are stepping up our sales of textiles that are prepared with cotton cultivated under environmentally and socially sustainable conditions, and our garden furniture made of tropical and boreal woods comes from responsible forestry. Parallel to these efforts, we also give our customers appropriate information about our product range's sustainability.

How can customers identify sustainable products at Tchibo?

Customers can first pick out our sustainable goods by locating the seals of international standards organisations printed on the packaging. The seals granted to our coffee range currently include the International Fairtrade Certification Mark, the Rainforest Alliance seal and the "Bio-Siegel" ("eco label") following the EU Organic regulation. Textile products in our consumer goods range carry the "Cotton made in Africa" and "Textile Exchange" seals. Consumers interested in our line of wood products can look out for the FSC® seal in our line of wood products. Additionally, we convey information to our customers about sustainable products on packaging, in our customer magazine, and in brochures and flyers. In connection with our "green power" and "climate-friendly gas" energy offerings we offer numerous energy saving tips online.

Is Tchibo also taking a stand for sustainable consumption outside the scope of its own product range?

Yes, we are involved in various overarching committees, such as the "Platform for Climate Compatible Consumption in Germany". This committee allows us to intensively share our knowledge and experiences with political and business players to create collective approaches to fostering sustainable consumption.

Consumer protection



We stay in contact with our customers through a wide variety of channels. Consumer protection is our top priority - whether it is in our daily business activities or in our advertising efforts.

Clear communication, secure data

How Tchibo protects its consumers' interests.

The information age has created myriad new communication channels. Tchibo uses these various channels to maintain contact with its customers, to inform them about the product range and to process orders. Our top concern is to protect the interests of consumers - in our daily business operations and in advertising.

The very foundation of our business success is the trust that our customers have in us. We make every effort to fulfil the expectations that this trust brings, on the one hand by providing innovative products and outstanding service, and on the other hand through our approach to data protection and advertising. We take numerous measures to ensure that our digital communication and advertising satisfy legal requirements as well as the high standards we set for ourselves.

Protecting consumer rights and maintaining confidence

How Tchibo protects customer data from unauthorised access.

Tchibo takes the greatest care in processing coffee and selecting the consumer goods with which it provides a new experience every week. And Tchibo also operates with the greatest possible care when it comes to dealing with customer data. We apply the highest security standards to the processing of orders, placed for instance through tchibo.de. Tchibo implements all necessary measures to protect personal data, such as addresses and bank details, from unauthorised access.

In the wake of the constant expansion of the internet and the growing numbers of people performing their day-to-day activities online, data volumes are increasing. Many people are becoming increasingly prepared to publish extensive information on themselves, for instance on social media platforms. This implies greater risks for users, and companies have a growing responsibility to protect consumer rights and customer data. In the light of the constantly and rapidly changing conditions in this area, we consider it one of our principal tasks to meet legal requirements and to go above and beyond consumer protection law where this is in the interests of our customers.

Regular employee training - one of our data protection officer's many tasks

We are committed to raising awareness of data protection among all our employees, from members of the Management Board to administrative staff. We know that the trust our customers place in Tchibo is the basis of our business success. We conduct regular training sessions to inform employees of recent developments in the field of data protection, such as new laws and regulations as well as judgements handed down by the highest courts. Our data protection officer ensures that all departments comply with data protection regulations in their daily activities.

At Tchibo, data protection is a matter for management

Our data protection officer has developed a comprehensive data protection system which allows us to respond directly to any changes such as amendments in the law. We have already set up cross-departmental working groups and appointed data protection representatives at department level. This system ensures that all business processes are supported in this respect and monitored.

In 2010 we expanded our data protection system to all national subsidiaries and implemented it at all levels of management. Our internal Tchibo core team, consisting of lawyers and consumer and data protection experts, supports the data protection officer in assessing the various issues. In this way, our data protection system helps us to consider all issues relating to customer rights from the outset when we develop new business ideas.

Other important measures we initiated in 2010:

- We incorporated our commitment to data protection into our Code of Conduct.
- We updated our Privacy Protection Policy in June 2010. It is posted on the Tchibo website and gives our customers detailed information about what happens to their data. We want to explain our approach to customer data with an appropriate level of transparency and as comprehensibly as possible.
- Additionally, we reviewed all our advertising activities and strategies for data protection issues and amended them to comply with new requirements. We introduced, for instance, the "double opt-in" system with regard to our newsletter: All customers have to confirm twice that they would like to subscribe to our newsletter. This process helps us and our customers to take confident action. Our "PrivatCard Premium" credit card, as well as other customer loyalty initiatives and advertising material, were also developed in close coordination with the data protection officer.

Consumer protection / Advertising

Simple, clear, reliable

How Tchibo assumes responsibility in the field of advertising.

Advertising is an essential in the retail industry. Its overall objective is to draw attention to and provide information on products. Tchibo is committed to taking its responsibility seriously and complying with the core principles of competition law.

Every week we surprise our customers with a new assortment of consumer goods based on a different theme. We develop the majority of these items ourselves and sell them exclusively. We advertise our products in various media, using a range of channels. Consumer protection is always a priority, be it in posters, leaflets, the Tchibo Magazine, on TV or online.

Accurate information, clear messages: our advertising

Clarity and honesty are defining characteristics of our advertising. In addition to mandatory product information such as weight, number of items or dimensions, we give further information that our customers could be interested in and clearly indicate, for instance, the intended purpose and possible uses of the product. We prepare all advertising in compliance with the core principles of competition law, including the basic rule that advertising must not be misleading.

Services: A traffic-light system for efficient consumer protection

We complement our range of consumer goods and coffee with a comprehensive selection of diverse services, ranging from cookery classes to travel and green electricity. In these areas, we cooperate with external service providers. However, we do not outsource our responsibility. On developing new initiatives for cooperation, we investigate in detail whether the proposed services meet our high demands as regards consumer protection. An inter-departmental team, consisting of colleagues from the product management, Corporate Communications, legal, quality management and Corporate Responsibility departments, checks and assesses new ideas using a "traffic-light system".

- **Green:** an idea will only be further pursued if all departments agree.
- **Amber:** if an idea is considered to be problematic by only one Head of Department, we will consult at least one expert when pursuing it further.
- **Red:** after a negative assessment by at least two Heads of Department, the idea is not pursued any further.

Our collaboration with imug

If our "traffic light" indicates "amber" for ideas in the service sector, we consult external experts from the Hanover-based imug consultancy (imug Beratungsgesellschaft für sozial ökologische Innovationen mbH) as required. imug, a spin-off of the University of Hanover, specialises in surveys and company evaluations in the areas of sustainability and consumer protection. As required, imug will review selected services in relation to their consumer protection aspects before they are introduced to the market. In particular, they will do market and background research on the proposed service and the advertising claims planned for it.

Looking at the big picture

Why caring for the environment at Tchibo begins with product design and keeps on going even at disposal.

Protecting the environment is a top priority at Tchibo. We are engaged in a wide range of activities, aimed primarily at conserving soil and water, safeguarding biodiversity and caring for the climate. All these activities stem from our awareness of the fact that we will only be able to continue operating our business successfully tomorrow if we preserve our world's natural resources today. For this reason, we consider environmental protection an integral part of our business strategy.

By becoming environmentally accountable, we are considering the big picture. This means we take much more into consideration than what happens to a product after it has fulfilled its purpose. At Tchibo, protecting the environment begins with product design and covers all stages of the product's lifecycle. We ask ourselves questions such as: How can we design a product to be as environmentally responsible as possible? How can we conserve resources in the production stage? Which type of packaging puts the lowest possible burden on the environment, and which shipping routes and vehicles are least harmful to the climate? In the course of our ongoing analysis, we also take sales, consumption and disposal - especially recycling - into account. Our work to protect the environment not only encompasses our individual sites, but also our business operations' entire supply and value chain.

To sensibly and efficiently rise to the challenges resulting from our environmental standards, we are setting up a tailored environmental management system consisting of the following core elements.

Clearly defined rules

In 2010, we added further environmental guidelines to our Code of Conduct, which is binding for all employees, and in this way have provided them with clear rules for environmentally conscious conduct. It goes without saying that we comply absolutely with all applicable laws. This standard of conduct goes further by additionally encompassing ongoing communication with all relevant stakeholders and the continuous improvement of Tchibo's handling of environmental issues. We agree on environment-related goals with our employees, particularly with those responsible in each respective department. This could include product range objectives for specific product groups such as cotton textiles. In this way, we ensure that the Code of Conduct's rules and guidelines take hold in our everyday work at Tchibo.

Clearly defined responsibilities

We require each and every one of our employees to constantly consider the effects his or her actions will have on the environment. On top of this, employees responsible for environmental considerations in each of our various departments integrate environmental factors into our business activities. Taking on a special role, the Corporate Responsibility department pools and coordinates activities that cross departmental and corporate boundaries and provides guidance to the departments.

Always up to date

New developments in environmental protection requirements arise on a continuous basis. Has the legal situation changed? What materials can we use to minimise harm to the environment? Do our stakeholders have any new

expectations that we want to fulfil? With such a variety of questions to answer, we have to stay well-informed at all times in order to react promptly to new developments. To make sure that we are always up to date, we take the following three courses of action:

- **Issues Management:** Through the Issues Management system in our Corporate Responsibility department, we observe and analyse societal trends and legislative initiatives. It is our aim to identify new developments early on and then to analyse the extent to which these developments are relevant to us. This could be something such as the “discovery” of a new material which is particularly safe for the environment. We would then assess the more environmentally-friendly material to determine if and how we could use it in our products.
- **Memberships:** Our memberships in associations and organisations also help us to encourage different stakeholders to exchange information. We also maintain an ongoing dialogue with other members, reporting on our experiences, exchanging information about current developments and sharing expertise. Working together to find ways to protect the environment, we also implement some of these solutions together.
- **Constant communication in our societal environment:** At Tchibo, we continuously communicate with all of our relevant stakeholders. Our most important stakeholders, aside from our customers and employees, include environmental and human rights organisations, public authorities, trade unions and other organisations, and interest groups. We strive to find out about their needs and expectations in order to account for them in our processes.

The Corporate Responsibility department transfers the knowledge that we gain through this process to our company operations, making sure that we take the right action in the right areas to promote environmental protection. Our challenge is to create innovative solutions that become a long-lasting part of our daily operations. This requires us to integrate new processes and procedures into our everyday work, creating as little additional work as possible in the process.

Climate protection



We are already experiencing the effects of global warming. Tchibo is assessing the causes of global warming to help put the brakes on this threatening development.

Slow cargo shipping, fuel-efficient company vehicles

How Tchibo takes climate change into account in its everyday business.

The 2010 UN Climate Change Conference in Cancún once again brought the world's attention to the urgent reality of global warming, the effects of which we have already begun to experience. We must work to counteract this problem, in order to safeguard our vital resources for future generations. Tchibo is aware of its responsibility and takes concrete measures with ambitious goals to protect the climate.

For us, climate change is anything but an abstract phenomenon. The consequences of global warming, which include extreme weather events such as heavy rainfall and the absence of rainy seasons, are leading to concrete problems in today's world. For example, harvests are on the decline for raw materials which are important for us, such as coffee and cotton, and this has a corresponding effect on our buying processes. We are making every effort to put the brakes on this development, which also poses a threat to our business model. In this process we are actively focusing our efforts on the causes of climate change, especially the things which we can directly influence, such as transport, energy use, company vehicles and business travel.

Climate protection / Transport

30 per cent less

How Tchibo reduces its shipping-related CO₂ emissions.

One seventh of the CO₂ emissions caused by humans can be attributed to traffic; lorries, aeroplanes and ships contribute significantly to climate change. Tchibo views having some products produced in distant countries as a matter of retaining a competitive edge. However, Tchibo is using a wide range of methods to protect the environment and keep CO₂ emissions as low as possible.

In 2006, our shipments resulted in emissions of approximately 128,500 tonnes of CO₂. This is good in comparison to other companies operating on a global scale - but not good enough for us. By 2015, we want to lower our shipping-related CO₂ emissions by 30 per cent on the 2006 level. In the last few years, we have made considerable progress on the journey towards this aim: In 2010, our emissions were already down by 26 per cent, and the "LOTOS" project is helping us to close the remaining gap.

LOTOS - Project for sustainable transport of goods

The abbreviation LOTOS stands for "Logistics towards Sustainability". Within this project, we have closely examined our shipping routes and the vehicles we use with the support of the University of Technology Hamburg-Harburg and the German Federal Ministry for the Environment. Our initial aim was to identify starting points for systematic and efficient environmental protection strategies; in the second stage, these findings were integrated into concrete measures to prevent CO₂ emissions.

On the road or at sea: We avoid CO₂ wherever we can

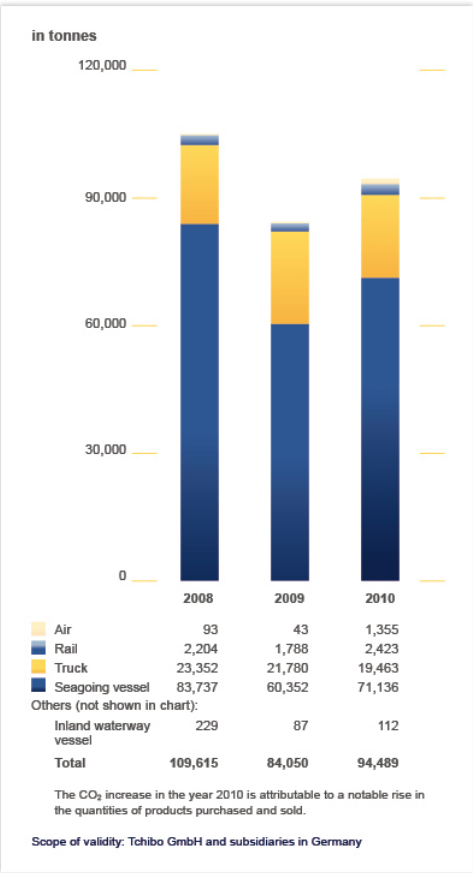
While establishing the as-is situation, we identified our road and water shipping routes as prime targets to cut emissions. For example, HGVs make up only a small part of our total shipping volume, yet they account for 21 per cent of our transport-related CO₂ emissions. We complete about 95 per cent of our goods transport by water, which makes up about three quarters of our transport-related CO₂ emissions. In order to attain our ambitious climate goals, we need to tackle these values and drive further improvements.

Reducing CO₂ emissions from shipping - A few examples

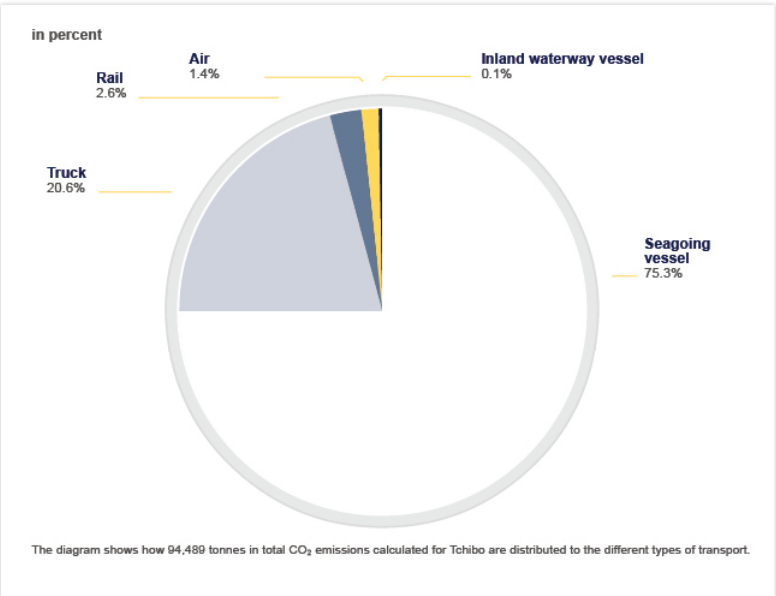
How do we plan to achieve this? The LOTOS project's findings will be implemented through concrete measures across all of our shipping routes.

- **Road:** In past years, we have used HGVs exclusively reserved for us to transport goods from warehouses to sales points; now we are setting up combined loads in most delivery areas. If an HGV drives to a shopping centre, for example, the cargo will include products from other companies as well as from Tchibo. Overall, we are shortening our road transport routes and steering clear of climate-damaging CO₂ emissions in the process.
- **Sea routes:** We have established a precise schedule for our shipping traffic, which means we can afford to reduce our speed. The concept is simple: the more slowly a cargo ship travels, the less fuel it uses and the less CO₂ it releases.
- **Rail:** We have decided to keep the proportion of our goods transported by rail constant and not to shift transport to roads, even though this would help to reduce transport expenses. We are also continuously assessing whether further

CO₂ emissions resulting from Tchibo product shipping (2008-2010), not adjusted for quantity



Percentage of CO₂ emissions for each mode of shipping resulting from the transport of Tchibo products (2010)



Climate protection / Energy consumption

Looking closely, acting decisively

How Tchibo cuts its energy needs.

Tchibo roasts its coffee, heats and lights its shops and administration buildings and also needs to use electricity and heat in its warehouses. In short, we would not be able to run our business without energy. However, we are taking numerous measures to put a cap on our energy consumption.

In 2010, we used a combined total of 64,771 MWh of electricity in our administration buildings, shops and warehouses in Germany as well as in our roasting plants. We visit each and every one of our locations within the scope of energy audits to regularly analyse where, if, and (if yes) how we can decrease our need for power and heat. The knowledge we gain through these audits is then incorporated into concrete energy-saving measures.

From LEDs to modern heating units - We save energy in every possible way

We have cut our energy needs through the following measures implemented in 2010:

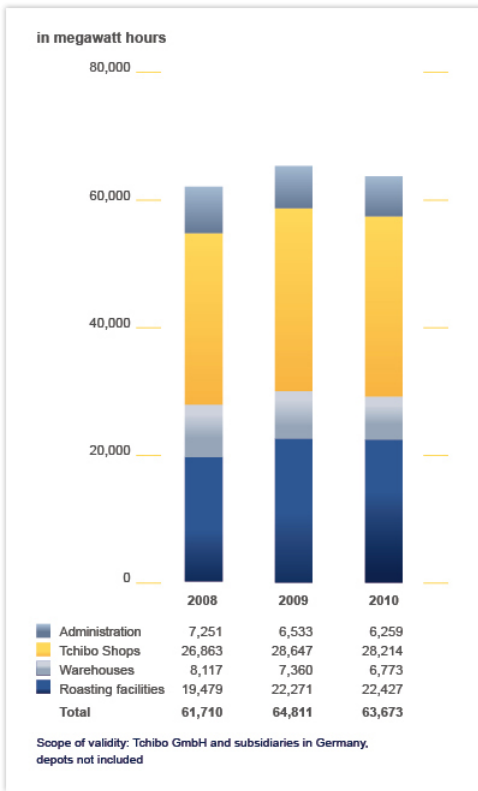
- In 2010, we equipped our roasting plant in Hamburg, Germany, with an energy-saving and environmentally friendly low temperature catalytic convertor.
- At our administrative centre in Hamburg, Germany, we replaced all 70 W fluorescent lamps with 35 W lamps, cutting our energy consumption for lighting by half.
- We overhauled the heating system in our warehouse in Gallin, Germany, significantly boosting energy efficiency.
- To reduce our energy needs in our shops, we built in new lighting controls wherever this was possible. On top of this, power-saving LEDs now light the display windows in many of our shops.

In upcoming years, we would like to continue to stay on track to maintain or increase our level of productivity as we decrease our energy use. Of course, we will also depend on electricity use in the future. To help protect the environment, we have been completely covering our energy requirements in our administrative buildings, warehouse locations and roasting plants with green electricity since 2008. In 2009 we switched all of our shops over to green energy.

Transparent consumption, concrete savings potential: EMS

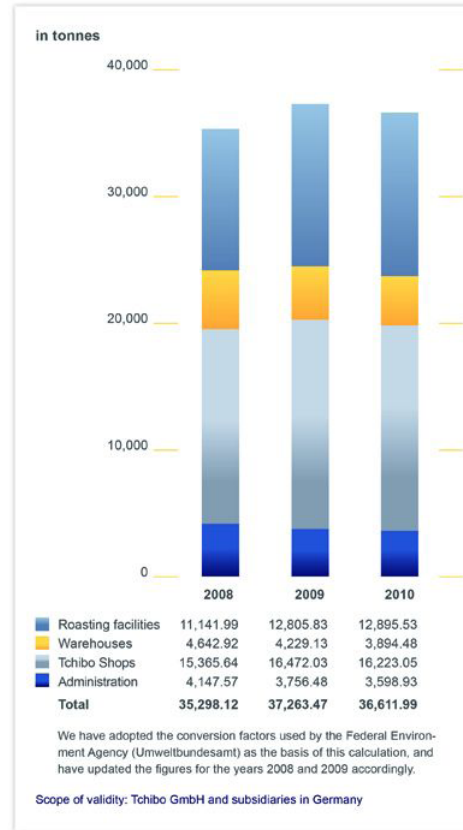
In addition to these measures, in 2010 we began to prepare our locations for the introduction of energy management systems (EMS). The systems will help us to make our energy consumption transparent so we can pinpoint prospective ways to save energy. To clear the way for the introduction of EMS, we have already developed concepts for metering points for our central headquarters in Hamburg City Nord, in our Hamburg roasting plant and in our Gallin warehouse. After we have successfully launched this project, we plan to equip further locations with energy management systems.

Electricity purchased by Tchibo (2008-2010)

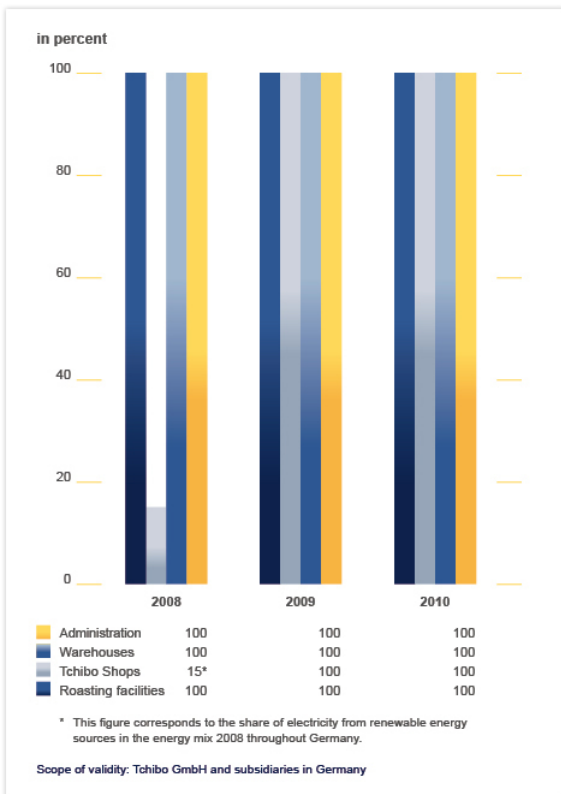


Administration, Tchibo shops, warehouses and roasting facilities purchased 229,222.8 GJ electricity in 2010.

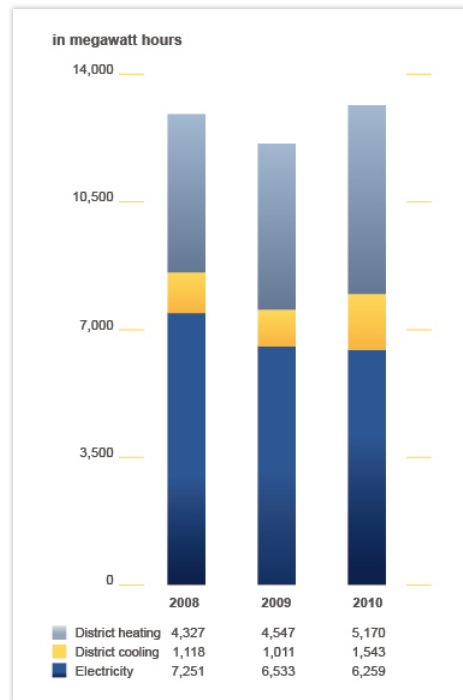
CO₂ emissions resulting from power consumption (2008-2010)



Electricity obtained from renewable energy sources (2008-2010)

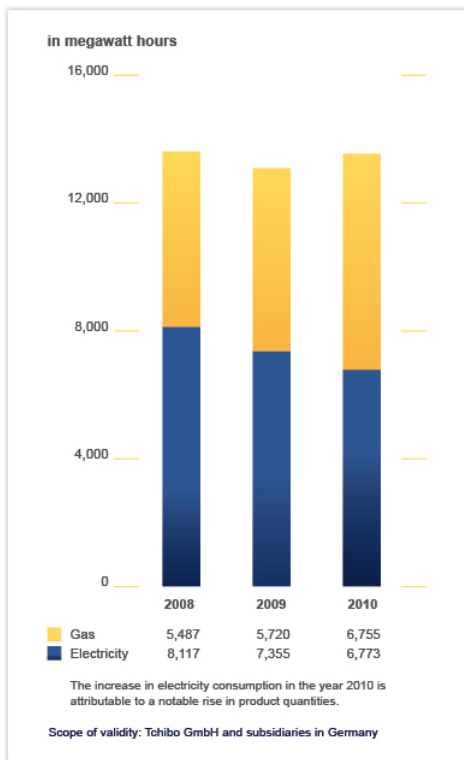


Energy consumption in Tchibo's central headquarters by energy source (2008-2010)



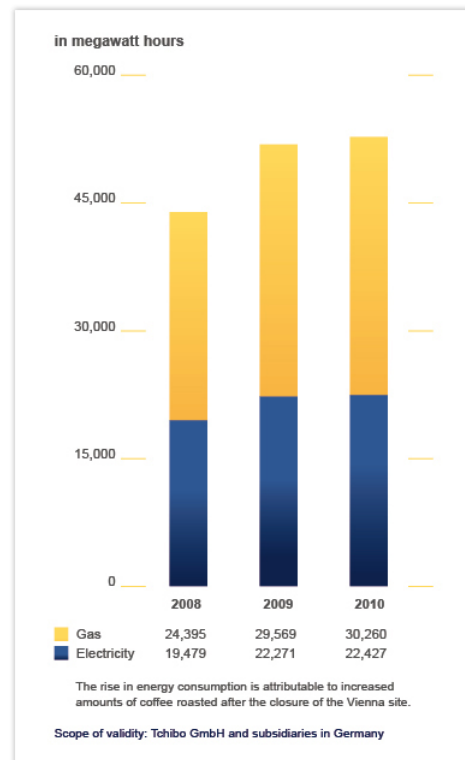
Energy consumption in Tchibo's central headquarters was 46,699.2 GJ in 2010.

Energy consumption in warehouses (2008-2010)



Energy consumption in warehouses was 48,700.8 GJ in 2010.

Energy consumption in roasting plants (2008-2010)



Energy consumption in roasting plants was 189,673.2 GJ in 2010.

Climate protection / Energy consumption / A story about energy efficiency

The energy-saving roasting plant

Tchibo experts at our facilities in Wendenstrasse, Hamburg, are constantly seeking new ways of making the refining of raw coffee even more energy-efficient.

You don't have to be a very imaginative person to see why employees have given this steel structure the nickname "nesting box". The object, which has something of a bay window shape about it, is attached to the outer wall of the workshop without touching the ground. Of course there aren't any birds building their nest here - the construction would be big enough to house four lorries. However, nature lovers may also take an interest in this box's "resident": after all, it's helping to improve the roasting plant's environmental footprint. Its name: RFB4.

This unprepossessing abbreviation stands for Tchibo's most up-to-the-minute roasting system, located in Wendenstrasse in Hamburg, Germany. Introduced in 2010, the newcomer is expected to outperform the other roasters by far. "RFB4 basically has two tasks," explains Helmut Plath, occupational safety and environmental protection officer for Tchibo's roasting plants. "First, we of course want to optimise our coffee roasting process. Second, we want to minimise energy consumption during roasting."

The 53-year-old environmental protection officer has been working for Tchibo for almost a quarter of a century. Continuously sharing information and views with experts from the field of science and research as

well as Tchibo's environmental technology specialists, Helmut Plath and his colleagues are contributing to constantly improving the environmental footprint of the organisation's roasting plants. Energy efficiency is a key aspect and has been continuously improved since the 1980s, leveraging both environmental and business benefits.



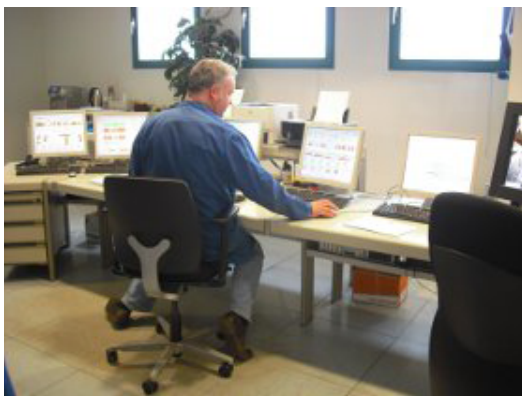
Helmut Plath in front of the RFB4 roaster's auxiliary burner, which ensures that the roasting machine's catalytic converter reaches its operating

Optimisation potential has been fully exploited

The current state of affairs is that the plant has already tapped into all obvious energy-saving possibilities. Efficient fluidised bed roasting has been established for years; using the energetic benefits of recirculating hot air in closed circuits is another proven strategy. A dedicated team works on harmonising the needs and requirements of production, warehousing and sales units, ensuring that energy consumption is reduced to the minimum. In short: All significant potential for optimisation has been fully exploited. "We are unlikely to make any great leaps now," says Helmut Plath. "We now have to fine-tune processes and equipment to further reduce the energy and heat consumption of our machines."

Targeting the 350-degree mark

The RFB4 is proof that it is possible to achieve such improvements. As with all other Tchibo roasters, a catalytic converter ensures that the intense aromas released during the coffee roasting process are not emitted to the environment. But the catalytic converter requires energy to operate, heat energy, to be more precise, which is generated by a gas burner. Years ago, the catalytic converter had a combustion temperature of 550 degrees. Many minor improvements helped to reduce this temperature without impacting the catalytic converter's performance. Low temperature catalytic converters, as installed in Tchibo roasting plants, operate at 400 degrees. And even this value is to be further reduced. Tchibo technicians and engineers at Wendenstrasse are targeting the 350-degree mark. "Compared to current installations, such an ultra low temperature catalytic converter would save another 12 percent in heating gas for operating the catalytic converter," said Helmut Plath.



Terrance Cain, production controller, monitors the roasting process from the control room - the "command centre" of the roasting plant.



Each roaster has a screen which displays the exact status of the roasting process for each individual batch. The picture shows the screen of a RFB roaster running in test mode with an ultra low temperature catalytic converter.

Sealing to save energy

The complex structure of a coffee roasting plant offers a range of opportunities to cut energy consumption. Employees jokingly call Marc Reckhemke and his colleagues on the in-house mechanics team "the sealing crew". The nickname refers to the technicians' constant drive to optimise sealing of tubes and systems to the outside, thus avoiding loss of energy.

And the skilled "sealing crew" is not only good at working with insulating materials. The mechanics pride themselves, for example, on having further minimised flow resistance in the roasting plants' pipework in cooperation with roasting plant designers. The idea is quite simple: The lower the flow resistance is, the less power the fans require to force air through the pipework.



Marc Reckhemke in the operation of the of frequency-controlled compressors.

Piling on the pressure - with fine tuning

The mechanics are also making progress in another field: As in many other factories, huge parts of the Tchibo plant operate on the basis of compressed air. Roasting plants or packing machines would not run without pneumatic force. But compressors are required for generating compressed air - and these use electric energy. In 2010, the power consumption of compressors was reduced by ten percent at the Tchibo roasting plant, equalling 132,000 kWh per year, due to the installation of frequency-controlled compressors. Unlike previous models, these compressors are continuously variable, allowing them to be adjusted to demand at any time.

For an even more efficient future

Frequency-controlled compressors, low-consumption catalytic converters and sophisticated roasters - in view of this wealth of cutting-edge tools and systems you might think it impossible to make a roasting plant still more energy-efficient. However, Helmut Plath will prove you wrong: "We are currently preparing an energy management system for our facilities. It will serve to identify any further energy-saving potential."

Climate protection / Mobility

Mobile, flexible - and clean

How Tchibo makes business travel as environmentally sound as possible.

Tchibo cannot completely avoid business travel. However, we are committed to minimising the environmental impact of business travel and flights. We apply a range of measures to ensure that CO₂ emissions generated by our fleet are as low as possible.

Our business partners expect us to be highly flexible. It is also very important to maintain personal contact with colleagues, customers and suppliers. Big companies like Tchibo therefore need to be mobile. As well as environmental aspects, though, economical use of time also has to be taken into consideration. This is why we still cannot do completely without company cars. However, we take great care to limit the environmental impact of our fleet as far as possible.

A greener fleet thanks to BlueMotion

In 2010, we continued to replace vehicles in our sales fleet with more economical BlueMotion vehicles from VW and Audi. We aim to reduce the fleet's CO₂ average below the EU target value of 130 g/km by 2012. Since 2008 we have replaced 258 out of 516 company cars with more economic vehicles.

We have also been testing the Toyota Prius hybrid in our internal vehicle fleet. If the pilot phase produces positive results, we will use more vehicles of this type.

We have resolved to develop and implement an approach to environmental optimisation of our executives' company car fleet in 2011.

Clean driving in Hamburg - Tchibo is a part of it

Hamburg is one of eight electric mobility pilot regions in Germany. Funded by the German federal government, the project investigates technical issues and assesses user behaviour. Tchibo is participating in this innovative initiative. At the beginning of 2011, Tchibo hired two electrically powered Smarts for our Hamburg-based fleet, and we will provide our data and share our experiences.

Looking for the most environmentally friendly driver

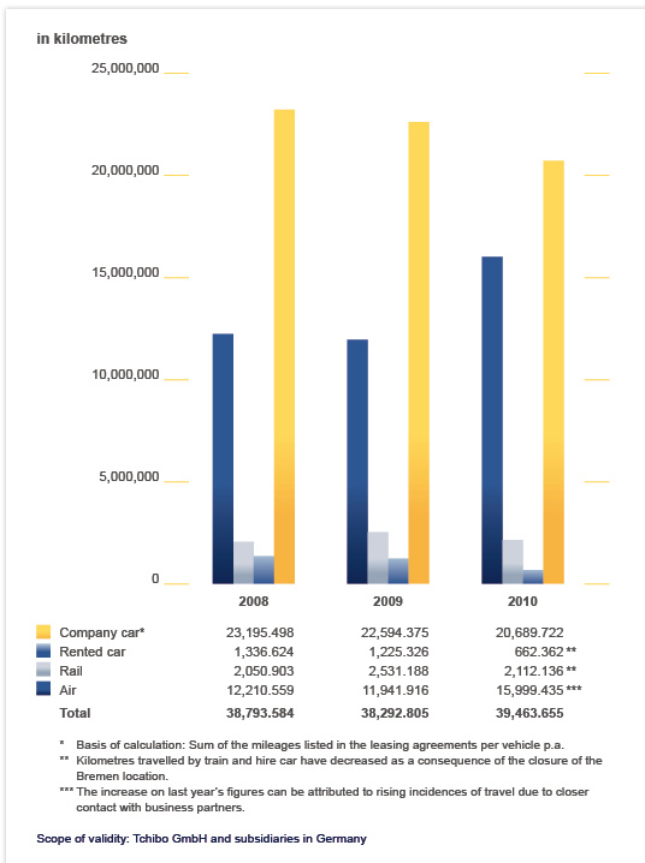
Since the end of 2007 our "Eco Driver" competition has been looking every quarter for the company car drivers who save the most fuel. Registered users of company cars who drive more economically than in the past and correspondingly record lower fuel consumption are eligible to participate in a prize draw. The competition runs for twelve months. Once every three months, prizes are awarded to three "Eco Drivers".

In 2010, 230 out of 516 users of company cars registered for the competition. The campaign raises awareness of environmentally friendly driving behaviour and has seen a saving for Tchibo of more than 160 t in CO₂ emissions and several thousands of litres of fuel since launch.

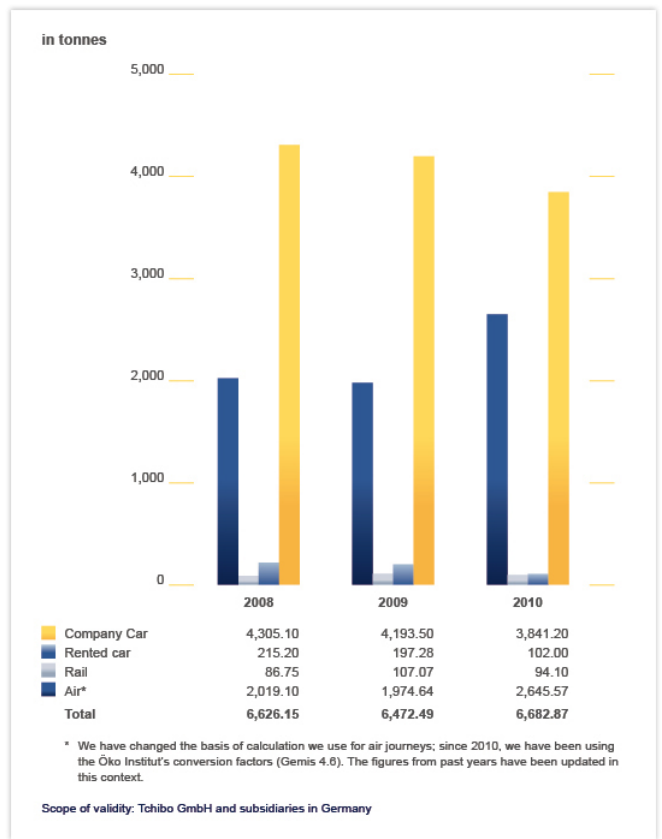
Flights increase business travel-related CO₂ emissions but cannot always be avoided

Engaging in direct dialogue with our international business partners is very important to us. We use modern means of communication, including telephone and video conferences, wherever possible. However, these technology-based forms of communication are not always an appropriate substitute for face-to-face meetings, and - for instance in the case of our involvement in countries where we source our products - not always available or suitable for gaining a clear idea of the situation on the ground. This is why the number of flights increased last year, and travel-related CO₂ emissions rose slightly compared to 2009. We are nevertheless certain that face-to-face conversations and meetings on site are important for improving the environmental impact generated across our value chains in the medium and long term.

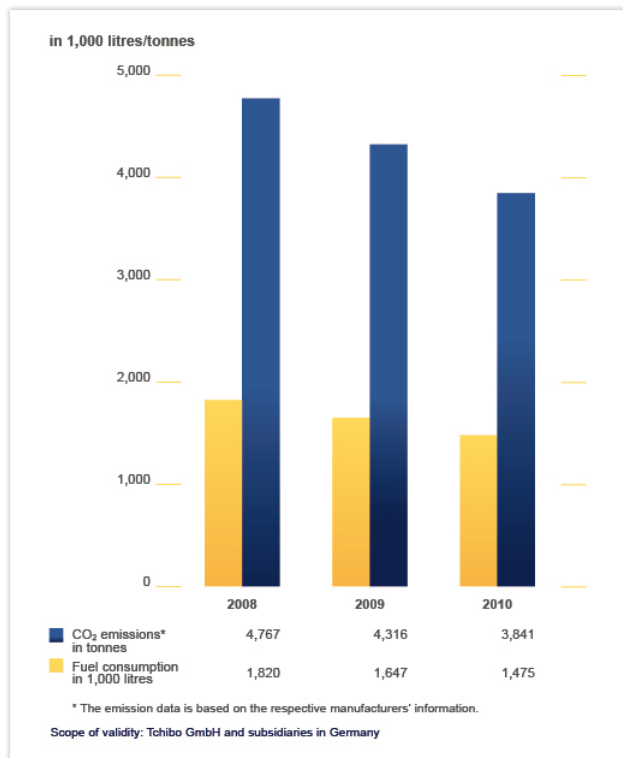
Total distance covered in business journeys (2008-2010)



CO₂ emissions related to business travel (2008-2010)



Fuel consumption of the Tchibo fleet and associated CO₂ emissions (2008-2010)



The fuel consumption of the Tchibo fleet was 66,080,000 GJ in 2010.

Conserving resources



Tchibo wants to conserve the world's natural resources as much as possible to secure the foundation of our business.

Conserving natural resources - and protecting the future

How Tchibo is making our use of raw materials increasingly efficient and environmentally friendly.

Conserving natural resources to the greatest possible extent along the entire value chain is one of Tchibo's major concerns. Tchibo wants, among many other goals, to save water, prevent waste and minimise its use of raw materials for products and packaging. This is not just a matter of protecting the environment for future generations; Tchibo also wants to preserve raw materials because they form an important basis for our future business.

A simple example can demonstrate why conserving natural resources is so crucial for us: We aim to provide top coffee quality on a long-term basis. However, we will only be successful in this endeavour if the soil in our growing areas is fertile and if it and the ground water are free of pollutants.

Resource efficient - from growing raw materials to disposing of products

Our challenge is to conserve natural resources along the entire value chain, and our goal is to create the most environmentally friendly conditions possible from the point of cultivation, or, in other words, before we extract raw materials, until our products are disposed of. We are dedicated to handling water responsibly, supporting efforts to sustainably produce coffee, wood and cotton, and considering the recyclability of the materials we use as we develop our products.

If we use our natural resources in the most efficient and environmentally sound way possible, we secure the basis of our future business activities. Efficient use of materials, meanwhile, can help to lower our costs here and now - and this approach is what many of our customers want too.

Conserving resources / Water

Preserving the source of life

How Tchibo promotes responsible water management

Tchibo cannot produce and process its coffee and consumer goods without the use of water. Therefore, Tchibo is working actively with various organisations to use this indispensable resource sustainably and so secure this important life-sustaining resource in the long term.

In 2010, the United Nations voted by a large majority to expand the Universal Declaration of Human Rights to include access to clean water. This decision is yet another proof of water being essential to life on earth. Tchibo has already attached great importance to the issue of water for many years.

From plant to cup - there's no coffee without water

Water is essential to the production of coffee for a number of reasons. The resource plays an especially vital role when it is necessary to irrigate coffee plants, and we are very careful to use the correct amount of water. We support water-saving cultivation practices in our cultivation regions in cooperation with our partners, including the Rainforest Alliance and Fairtrade organisations as well as producers of organic coffee. It is also highly important to make sure that no fertilisers or pesticides make their way into the ground water during the irrigation process.

Water is also a crucial part of processing coffee. The wet preparation of raw coffee after it has been harvested is a prime example of this. This process is used depending on the coffee's origin, type and the further processing it will undergo. We purchase a significant proportion of washed raw coffee, for example, for our premium quality coffees. The percentage fluctuates over the course of each year and depends on the range of products and the recipes for these products.

A focal point: Water quality after processing

The amount of water used in the production of coffee depends on various factors and can vary greatly. From the perspective of critical stakeholders, it is important to approach the issue of water from two reference points: How much water is available in the specific production region in question? And what level of quality does the water have after processing? We purposefully set the main focus of our activities in each production region depending on specific regional conditions.

Sustainably produced cotton

We also use water to produce our consumer products. The amount of water used varies from product to product. Cotton production, for example, is a particularly water-intensive process. The World Wide Fund for Nature (WWF) has calculated that an average of 20,000 l of water is needed to produce a single kilogram of cotton.

We are intensifying our dedication to sustainable cotton production in cooperation with Textile Exchange for organic cotton and with the Aid by Trade Foundation for "Cotton made in Africa". For cotton production, a list of sustainability issues is stipulated and monitored according to these organisations' rules, especially the sparing use of water.

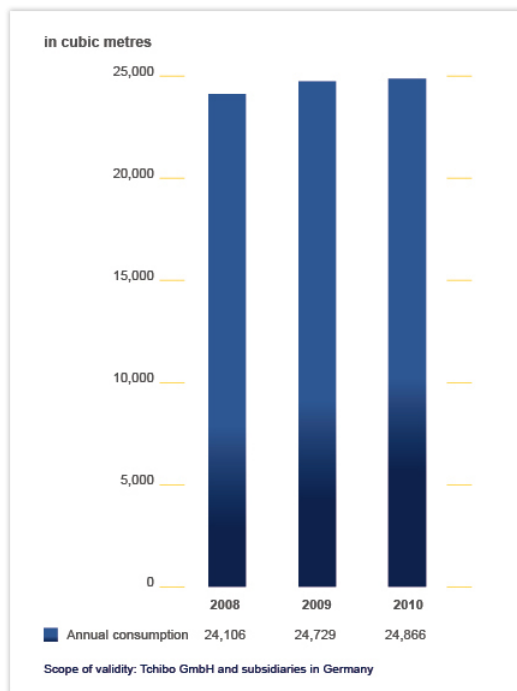
Use of water at our locations

We pay attention to our use of water not just for product manufacturing, but also in our administrative functions. In 2010, we used a total of 24,866 m³ of water at our central headquarters in Hamburg. This represented a slight increase by 137 m³ compared to 2009 and an increase of 3.15 per cent compared to 2008.

We only have a small amount of information about the use of water at our shops. This is due to the fact that property landlords seldom determine the specific values for us, so this information is only available in rare cases.

Specific data about the use of water at our administration site in Hamburg are depicted in the chart.

Water consumption at administration sites (2008-2010)



Conserving resources / Packaging

When less is more

How Tchibo strives to keep the volume of packaging and waste at a minimum.

Packaging is an essential part of our products. In order to keep our use of raw materials as well as our volume of waste at a minimum, Tchibo sets great store by a sustainable approach to packaging materials.

Environmental protection

Packaging plays a major role in keeping our products in top condition throughout storage, distribution and sale, right up until our customers have got them home, and is also a source of detailed information about the goods inside. In short, packaging is an important - indeed often indispensable - part of our products.

We also strive to protect our planet's natural resources to the greatest possible extent, and our approach to packaging is no exception.

Use of packaging in 2010

In 2010, we brought approximately 21,333 tons of transport, service and sales packaging into circulation in Germany through our products. All of our packaging is licensed through return and recycling systems according to German law (§ 6 VerpackV "Packaging Ordinance") and marked with the Green Dot (Der Grüne Punkt). Compared to 2009, when we used 22,011 tons of materials, we were able to save about three per cent of packaging materials.

Saving material: Packaging our consumer goods

As much as necessary, as little as possible: This is our motto when it comes to packaging products for consumers. We want to live up to existing standards of quality and protect the environment through our packaging guidelines. By labelling all of the plastics used in our packaging, we make it easier to recycle these materials. We also do without PVC in our packaging, adhesive tapes and labels and require the use of solvent-free ink with low levels of heavy metal for printing.

In 2009, we began developing a new packaging concept. Our objective is to further increase the environmental responsibility of our packaging and to save more material. We are also working to bring the functions of packaging, especially damage protection and product information, into harmony with environmental factors as well as we can.

Using more and more renewable resources

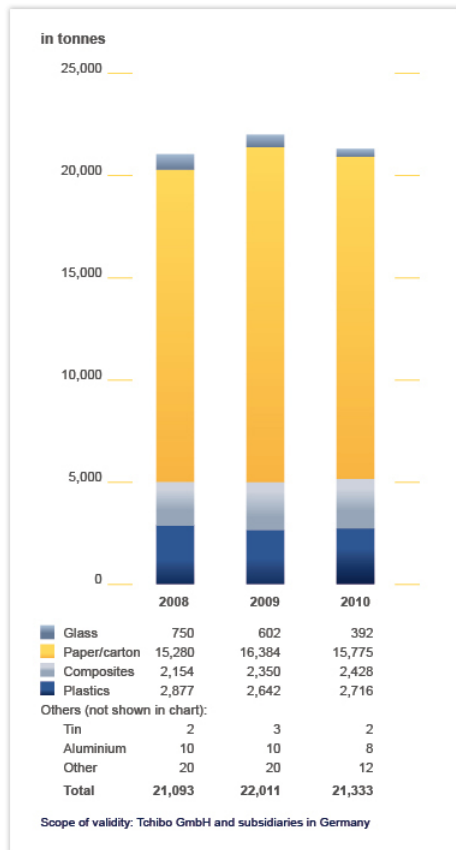
We meet this requirement by increasing our use of blister packaging, in which parts of the product are visible behind cellophane made from renewable sources. As we improve the environmental features of each package, we use fewer materials. On top of this, we give our customers the chance to see more of the product before they buy.

Protecting quality with quality: Packaging our coffee

We make particularly stringent demands of the quality of our coffee packaging. It has to protect against oxygen and light, since both can damage our coffee's delicate aroma, and it has to be suitable for the technical filling process. Finally, the packaging must guarantee that the product will survive the entire shipping and delivery process, right up until the product reaches the end customer. Through our coffee packaging, we make absolutely certain that our high quality standards are achieved no matter what - fulfilling our customers' wishes in the process.

The existing requirements for coffee packaging design place greater limits on our prospects of further optimizing packaging in relation to environmental impact than is the case for our consumer goods. However, one thing is certain: In the future we would like to exploit as fully as possible all opportunities that present themselves for the further development of our packaging.

Packaging materials (2008-2010)



Conserving resources / Waste

Becoming more accountable, producing less waste

How Tchibo takes care to recycle materials - or avoid their use in the first place.

From our administration buildings to our shops, Tchibo puts numerous materials to use. It is important to us to use our resources in an environmentally friendly way. We try to avoid waste and to feed resources back into the raw material cycle - a procedure which also has a cost-cutting effect in some areas.

At a large company like Tchibo with many locations and employees, a certain level of waste is inevitable. Handling this waste in a responsible way is important to us, and we employ various procedures to do just that.

Keeping the cycle in motion - Recycling at Tchibo

Recycling contributes greatly to environmental protection, and we use this tool in numerous respects. For example, customers can hand in used and rechargeable batteries to us. We work together with the "Foundation for a Collective Battery Return System" (GRS) to properly recycle these materials.

In 2010, we accepted approximately 797 tonnes of used electrical devices in Germany alone and subsequently delivered these to the appropriate local collection points to be recycled. Of course, we also fulfil the requirements of the EU's "Waste Electrical and Electronic Equipment" and "Restriction of Hazardous Substances" directives. Both sets of regulations are aimed at lowering the amount of electric and electronic waste as well as the quantity of hazardous materials in electrical devices.

Administration and shops: Waste generated at our locations

Paper and cardboard are materials which we use on a day-to-day basis at Tchibo. Yet plastics and glass also play a role. Over the course of their lifecycle, we want the products we distribute to produce as little waste as possible.

Turning the page - Tchibo scales back its use of paper

Thanks to digital computer technology, we already carry out many processes and operations without the use of paper, written correspondence in particular. In other cases, we use recycled materials whenever possible. In 2010, about 44 per cent of the office paper used in our administrative and shop locations and in our German depots was recycled or FSC®-certified paper. This is a step in the right direction, but we believe that we still have room for improvement - through limiting our paper use and by using more environmentally friendly paper.

In 2010, the European Parliament passed the revised FLEGT Action Plan. The programme aims to stop the sale of wood and wood products which stem from illegal origins. Tchibo lives up to the regulations in the action plan, requiring wood providers to prove that their goods come from legal sources. We are continuing to develop our standards in this regard in cooperation with the World Wide Fund for Nature (WWF).

Heating fuel can be a by-product: Waste from roasting coffee

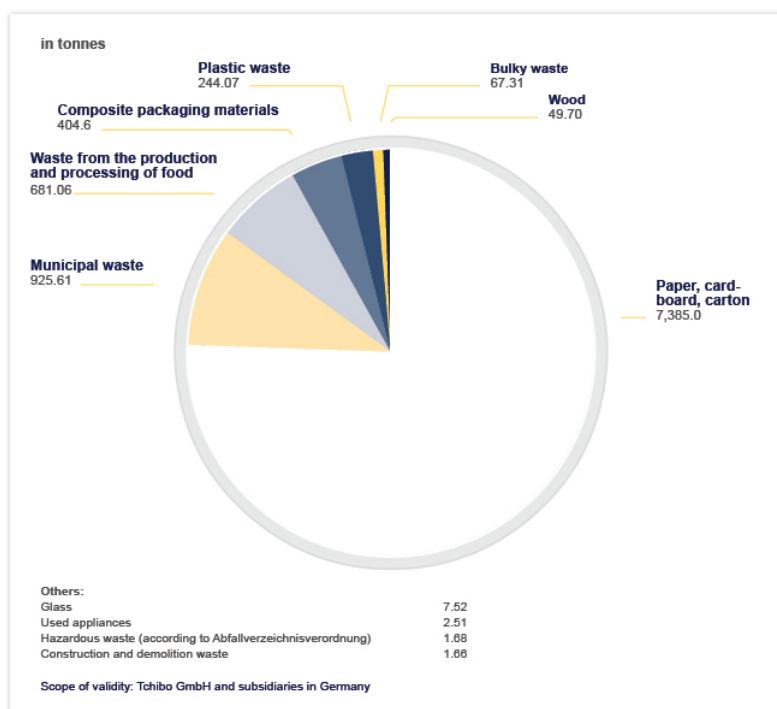
Coffee roasting also causes waste, which mainly consists of the remains of packaging materials. Another type of waste is the silver skin known as chaff which coffee beans release during the roasting process. To put this waste in a more manageable form, we compress it into pellets by adding water. Removal services currently take the material to compost areas, or it is sold as a heating fuel.

One for all: Our packaging guidelines

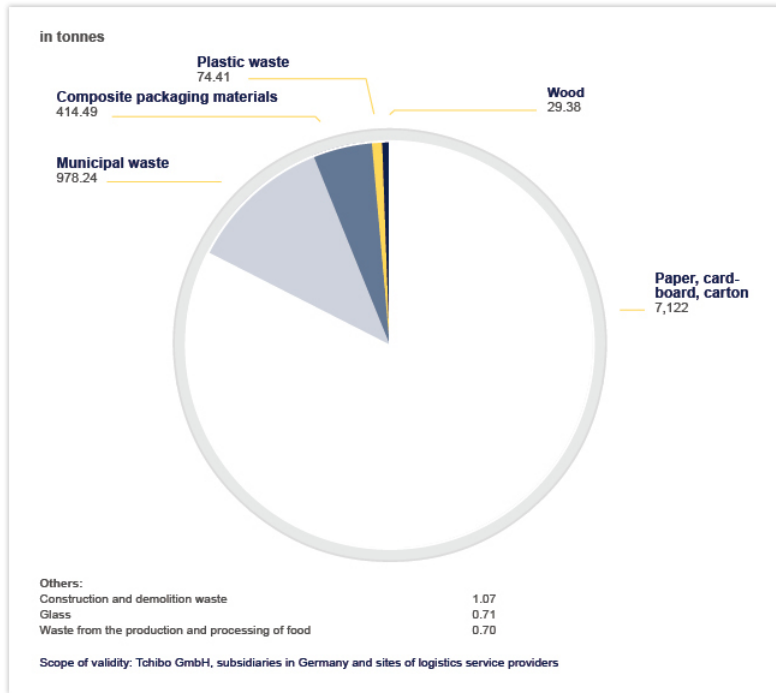
We are currently only able to collect a limited amount of information on the form and magnitude of waste resulting from the suppliers of our commodities. However, we always take care to contractually oblige all of our suppliers to follow our packaging guidelines. These rules ensure that our suppliers use less material and guarantee that packaging is highly recyclable.

Our purchasing department employees are required to take aspects of environmental protection into consideration when they select suppliers for indirect goods and services. This is bindingly specified in our Code of Conduct for employees.

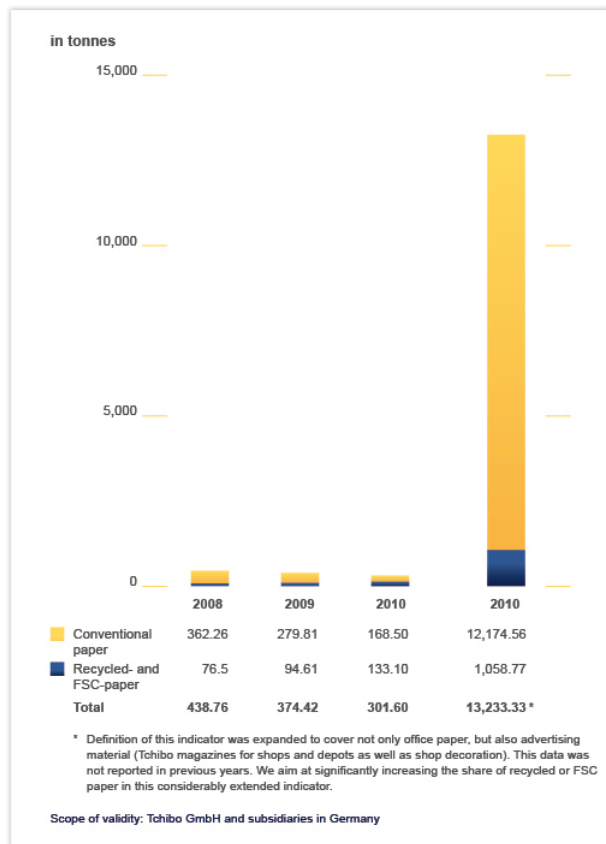
Waste at Tchibo locations (2010)



Waste at warehouse locations run by service providers (2010)



Use of paper at administrative and shop locations (2008-2010)



Biodiversity



Biodiversity is a great treasure and an important basis of human life. Therefore, we take care to minimise our effect on flora and fauna.

Safeguarding diversity, protecting nature

How Tchibo helps protect species.

Biodiversity is one of our planet's greatest treasures. Yet the variety of animal and plant life is declining, in part thanks to human encroachment on the world's flora and fauna. We can measure the damage which stems from human intervention: Scientists estimate that its cost amounts to about two to five trillion dollars each year. Tchibo places great importance on minimising the effect of its business activities on biodiversity.

The basis of human life on this planet diminishes each time a plant or animal species dies out. Therefore, we would like to become increasingly active in guarding the diversity of the plant and animal world. There is still a long road ahead of us in this effort, but with support from our partners we would like to continuously broaden the use of sustainable raw materials.

Biodiversity - an issue with great economic implications

The irretrievable loss associated with the constant decline of biodiversity has been firmly planted in the consciousness of broad levels of society: a conclusion reached by the results of studies such as "The Economics of Ecosystems and Biodiversity", carried out on behalf of the United Nations Environment Programme (UNEP) and the German Federal Ministry for the Environment (BMU). According to the study, 80 per cent of consumers around the world do not want to purchase any more products from companies which disregard ecological and social issues in their business policies. By promoting biodiversity even more intensively in the future, we are not only doing our bit to safeguard essential resources for future generations, we are also investing in the economic future of our company.

Coffee, cotton, wood - firm partnerships to protect biodiversity

Our products from the agriculture and forestry industries play a noteworthy role in relation to biodiversity. This applies primarily to coffee, but also to cotton and wood. We work together with experts in all industries. Up to now, this has only related to parts of our production, but we are constantly expanding our use of sustainable raw materials. Together with partners like the Rainforest Alliance for coffee, the Forest Stewardship Council (FSC) for wood and Textile Exchange for cotton, we are supporting responsible resource use and the implementation of mixed cultivation. We will continue to push forward with our efforts in the future.

Further information:

Rainforest Alliance: www.rainforest-alliance.org

FSC Germany: www.fsc-deutschland.de

10,983 employees: the basis of our success

How Tchibo creates an inspiring working environment.

Tchibo's founder Max Herz already knew it in 1949: a company's most important asset is its workforce. Continuing this tradition, Tchibo is still committed to being a responsible top employer today. This includes promoting a strong corporate culture, being a family-friendly company and offering performance-related pay. Our corporate values orientate us in achieving this.

At Tchibo, it is not enough to just satisfy our customers. We want to inspire them. Yet this can only be achieved through the commitment, experience and expertise of our employees. Every single employee is responsible for the success of the company as a whole. In turn, we take on responsibility for our employees. We strive to ensure that they feel at home in their workplace and stay healthy and motivated.

Many activities, one goal: an inspiring working environment

We foster employees' identification and solidarity with "their" company by maintaining our corporate culture and encouraging employees to get involved in shaping the company through varied channels. We are dedicated to promoting reconciliation of family and career, investing in safe and healthy workplaces and supporting the education and further training of our employees. Diversity is another important factor for modern companies: Our diverse workforce is a true asset to our company. Tchibo takes a firm stand against discrimination.

Spotlight: flat hierarchies and fast decisions

We rely on long-term action, flat hierarchies and fast decisions. Our employees act as "entrepreneurs within the company" and exhibit a high degree of independence and personal responsibility. Thanks to this attitude, Tchibo employees have made a substantial contribution to successfully implementing our "Stärken stärken 2010" ("Strengthening Strengths") corporate strategy. As we continue this strategy under the motto "Zukunft braucht Herkunft" ("Building Our Future on Tradition"), our employees now face many new challenges and projects.

Corporate culture



As a family-owned company, we greatly value open dialogue among employees as well as between management and the workforce. Our strong corporate culture is built upon strong values.

More than a job

How Tchibo strengthens its corporate culture and promotes employee satisfaction.

As a family-owned company, Tchibo wants to have happy and committed employees who engage in an open and honest dialogue with each other and always act in line with our corporate values. This is why Tchibo takes diverse measures to foster the corporate culture – and encourages dialogue.

A strong corporate culture requires strong values. Consistent customer focus, entrepreneurial thinking and action, and discipline guide our daily conduct.

Our corporate values and their significance

- **Customer focus:** Our customers are central to our thoughts and actions. Our goal: We want to inspire our customers and will not limit ourselves to just satisfying them.
- **Entrepreneurial thinking and action:** We foster courage, a spirit of innovation and the ability to take decisions. We want to awaken the entrepreneur in each and every one of our employees and motivate them to personally commit themselves to Tchibo's success.
- **Discipline:** We are a team. We rely on and respect each other. We stick to decisions that have been made – and put them into action.

The basic rules for our business: the Code of Conduct

Tchibo gives highest priority to fair conduct, ethical business practices and compliance with all laws. We want our employees to feel committed to these principles at all times. This is why we stipulated them in our Code of Conduct (CoC). The thirteen basic rules for working together apply to all employees of Tchibo GmbH and its subsidiaries and are the foundation of our business conduct. In 2010 we added new guidelines to our Code of Conduct, including a new chapter on our data protection policy and integrating additional aspects of environment protection, just to name two.

The basic rules contained in our Code of Conduct refer to these topics:

- Fair competition
- Prevention of corruption and granting of competitive advantages
- Data protection
- Safety and environmental responsibility
- Social responsibility
- Discrimination ban
- Insider trading law
- Protection of corporate property and business secrets
- Protection of intellectual property
- Avoidance of conflicts of interest – private activities
- Truthful and complete accounting in accordance with the law
- Economical use of corporate resources
- Ambassadors of the company

Providing information, promoting dialogue

A family-owned company from Hamburg, Tchibo attaches great importance to open and honest communication among employees. For our part, we feel committed to regularly updating our colleagues on all current developments, thus creating transparency. We use different communication channels such as the intranet, welcome packs, corporate brochures and events to regularly provide employees with information relevant to their activities at Tchibo.

Our employee magazine "smile" is published three times a year and serves as an important communication tool, helping us promote dialogue among employees and between management and the workforce. We also conduct regular round table discussions: At each two-hour session, twelve employees from all levels can discuss various issues with a Board member. Our colleagues in Eastern Europe also have regular get-togethers with their responsible Board member. All Tchibo employees can use our intranet forum – even anonymously, if they prefer. All threads, and therefore all topics discussed, are started by the employees themselves.

Discuss, understand and live the Tchibo DNA

We want our employees to live up to our Tchibo DNA corporate identity, maintain this identity and pass it on to new employees. In 2010 we rewrote the Tchibo DNA. It describes the key factors in the success of our unique brand: our coffee expertise, our Non Food concept, our distribution system, our marketing activities and our corporate culture. Tchibo's very special profile helped us to earn trust among our broad customer base. The future success of the company will depend to a very large degree on whether we are determined and able to secure and further strengthen this trust in our brand. This is why we launched the "DNA dialogue" initiative, comprising a diverse range of communication activities: video messages from the Board, discussions at staff meetings organised by the works council, web seminars, competitions, keynote speeches and subsequent moderated discussion at management level. All dialogue tools have one overriding goal: We want every single Tchibo employee, whether manager, order picker or shop staff, to learn about the Tchibo DNA and understand how our corporate mission statement influences their day-to-day work, their team, their department and our company as a whole.

Leisure-time activities strengthen the bond among employees

We want to have committed and satisfied employees. They are the basis of a strong corporate culture and the key to securing our business success. We offer a varied range of leisure-time activities to improve the bond among our employees and contribute to a positive work-life balance. At our site in Hamburg, such activities include the Tchibo Big Band, running events, free swimming courses for children and many more. We also organise an annual 6-day sailing event on the Baltic for our trainees.

Our greatest reward: happy employees

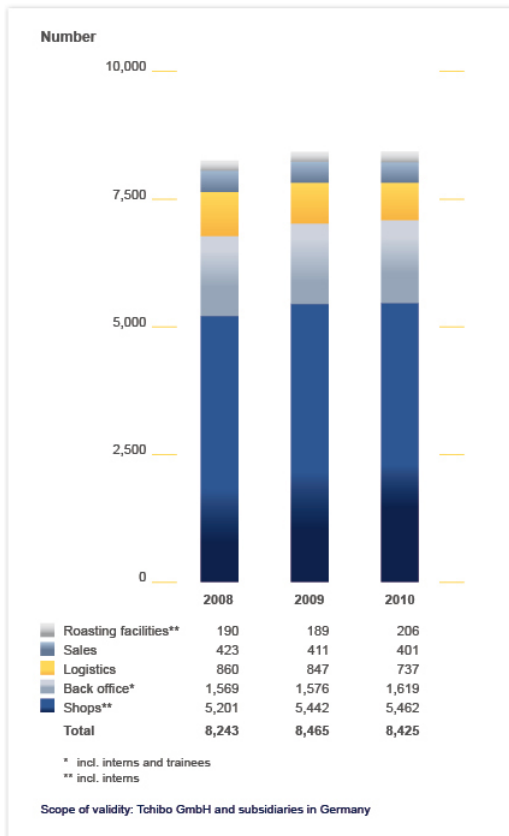
Employee satisfaction provides proof of our efforts to establish and maintain a strong corporate culture. Tchibo reached the 97th place in the Germany-wide "Great Place to Work®" competition, putting the company back among "Germany's Top Employers 2011". We are very proud of this achievement. In 2009, Tchibo did not rank among the top-100 organisations. Overall, 319 companies participated in the competition. Great Places to Work® evaluates the corporate culture and conducts an anonymous survey among the employees. Yet the study also revealed that there is potential for improvement in various areas. Many surveyed employees would like to receive more cross-departmental information and have more time to adjust to changes. We have taken the first steps to improve these aspects by initiating DNA dialogue and developing an unbureaucratic team feedback process.

Strengthening corporate culture - even across cultures

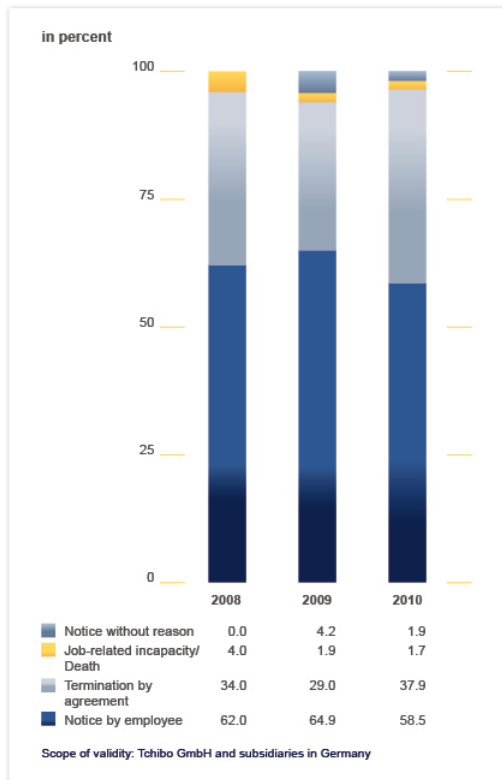
Our rules for working together also apply at an international level. We are firmly convinced that our employees' commitment is an essential key to success. This is why we started to conduct the "Hewitt Best Employer Studies" employee survey annually in all our Eastern European subsidiaries in 2010 (or earlier, in some cases). The survey provides valuable information as to how satisfied our employees are at the moment and which aspects of their overall working environment have to be improved to further boost their motivation. We discuss the results with the employees and jointly develop ideas for optimisation. In 2010, we had our first big success in the Czech Republic. Thanks to the good results of our survey, we ranked among the "Top 5 Best Employers" in the country in our sector.

Another essential aspect for establishing consistent principles of collaboration was the implementation of minimum standards for contracts of employment for all country organisations in 2010. By way of example, these regulations stipulate that the Code of Conduct must be an integral part of all contracts. To give our sustainability efforts a firm footing in emerging markets, we launched an internal training programme for employees in Poland, Hungary, the Czech Republic and Slovakia. The one-year campaign serves to raise awareness of corporate social responsibility among our colleagues in Eastern Europe and to jointly work out how CSR can be implemented in their daily business activities.

Employees by fields of activity (2008-2010)



Staff turnover by reason for departure (2008-2010)



In 2010, the rate of turnover at Tchibo was 9.7 per cent (7.4 per cent in 2009). The turnover rate for women was 9.2 per cent (6.4 per cent in 2009) and 12 per cent for men (8.9 per cent in 2009).

Worker participation and input



We encourage employees to share their ideas and get involved in shaping our company. This raises the motivation of every single employee and boosts the performance of our company as a whole.

Every voice counts

How Tchibo gives its employees a real voice and encourages them to get involved.

Beside the daily business Tchibo gives all its employees the opportunity to participate in shaping the company's development. This is done primarily through the participation in the workers council and the supervisory board. In addition, there is the idea management „Kolibri“ („Hummingbird“): Here shop workers and logistics specialists to product managers help optimise workflows or develop new products with their bright ideas. The system serves to boost each and every employee's motivation and commitment as well as the entire company's performance.

We set great store by empowering our employees to actively help shape our company. Their ability to influence corporate decisions benefits all involved: Employee involvement in decision-making processes creates trust, and trust creates motivation. The works council is Tchibo's key committee securing employees' say in how Tchibo is run.

Our works council: where employee involvement comes alive

Pensions, working hours and work-life balance are examples of issues with which Tchibo's works council is closely engaged. The council exists on the basis of the regulations stipulated in German industrial constitution law (Betriebsverfassungsgesetz, BetrVG) and codetermination law and comprises 35 members, six of whom belong to the major German union ver.di. The council represents employees' interests to the company's management, and always places these interests at the centre of its work. The joint aim, held by all parties, of securing the long-term success of the business, is the council's second priority.

One example of what the works council has achieved over the last few months is the extension of the works agreement on special spectacles for employees working at a computer screen, which, as of 2010, also covers employees in shops who might use a screen, for example, when working the tills. Additionally, we have seen the revision of the works agreements on working hours for in-house staff, working hours models for shop staff and part-time hours in the context of improving employees' ability to combine their careers with their family lives.

Two committees, one single aim

The Supervisory Board, which comprises equal numbers of employees and shareholders, joins the works council in influencing the decisions made at Tchibo, a family business. It is often the case that issues are discussed between the works council and the Supervisory Board and then taken to the Management Board. Such issues might revolve around securing jobs, employee benefits and levels of motivation among staff. Both committees pursue the joint aim of sustaining the company's business success, its jobs and its good working atmosphere in the long term - issues which are closely interrelated.

The introduction of trust-based working hours for administrative employees is an example of such a process of working together to create change. A one-year pilot phase proved the new model workable and successful, and Tchibo adopted it permanently in 2010. Furthermore, the works council and Management Board have agreed on a special payment for all employees who do not qualify for bonuses, allowing them to share in the success achieved last year.

Good ideas are the cradle of success: our ideas management system

Those spur-of-the-moment ideas that often come up during our day-to-day work can be the seeds of increased business success for our company. We encourage our employees to contribute their ideas whenever they arise, and have for this purpose initiated an ideas management system we call "Kolibri", which means "hummingbird" in English and stands for "Kollegen liefern brillante Ideen" (colleagues supply brilliant ideas). Tchibo's ideas manager is in charge of the idea evaluation process. She checks every idea thoroughly for its content and level of innovation, and then passes it on to an expert from the relevant specialist department, who draws up an evaluation.

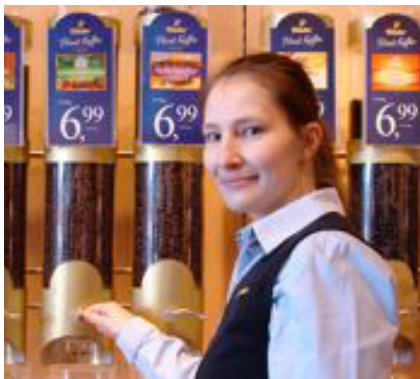


Kirsten Ludewig-Scheel

Tchibo ideas manager

I'm always happy when an idea comes in! And the best thing is when it makes it through our evaluation processes and becomes a reality. When we receive a suggestion, the relevant department and I need to ask ourselves quite a few questions: Is this really new for Tchibo? What's the cost-benefit ratio? Does a product that has been proposed have a realistic chance on the market? And if we can't turn an idea into a reality, I always want to be able to explain to the person who submitted it why it didn't work out. To me, this is a matter of respect - not just for the suggestion, but for the person who had the idea and developed it with their passion and commitment.

2010's "Make it simple!" ("Einfach machen!") campaign provides impressive proof of the importance Tchibo attaches to its employees' creativity. The campaign centred on simplifying internal processes at Tchibo. The question to all employees, "Do you know what we could make simpler to do?" prompted approximately 200 answers, which all landed on the desk of our ideas manager. The overwhelming response was much to the pleasure of the campaign's sponsors, Management Board member Yves Müller and head of HR Dr. Peter Deeg, and to that of the creators of the 20 suggestions awarded prizes. These ideas ranged from improving the first aid equipment available in administrative departments to revamping the welcome pack given to new employees.



Claudia Jülich

shop manager, Mannheim

No matter whether your idea saves time, money or hassle - this was the motto of the "Einfach machen!" campaign, but it could have come from me! I submit every idea that comes into my head - after all, who dares wins! And both Tchibo and I can win in this.

Creativity and commitment pay off

Our employees turned in over 1,000 ideas in 2010 - a new record! These suggestions are often the basis of innovative products and exciting new experiences. They also help us to simplify our internal processes and to make our work run more efficiently, such as if we put new environmentally friendly measures in place. Another advantage: Our employee's ideas lower operating costs.

That's why we reward every good idea: Employees whose ideas are actually implemented receive a bonus. The ideas management works agreement makes sure that the entire assessment process is transparent and fair. The total bonus paid for an idea is regulated, adjusted to a variety of criteria, and ranges from EUR 50 to EUR 125,000. For example, a colleague who came up with the idea for a watch with a vibrating alarm received a bonus of EUR 2,500.

Work and family



We have always given high priority to the reconciliation of family and career and support our employees by taking various measures. This also helps us to secure our own future success.

Striking a balance

How Tchibo fosters employees' ability to combine a career with their family lives.

Whether they are raising children or caring for other relatives, many people find that balancing a career and a sound family life poses major challenges. At Tchibo, we have always given high priority to helping employees to combine family life with a career. As a family business, we help our employees master this balancing act with various measures. Tchibo is the first German retail business to have had its programme certified by the family-focused auditing organisation berufundfamilie gGmbH.

It is increasingly important for companies to sharpen their focus on employees' family concerns as they compete for qualified talent in the light of the demographic shift. By supporting employees' efforts to combine a career with their family lives, we are not just living up to our self-image as a family business. We are also safeguarding our own future, which we would like to shape together with our motivated and capable employees.

Flexible solutions for committed employees: our working hours schemes

We offer our workers a variety of flexible solutions to help balance family and career, from individual working hours schemes at logistics locations and in our shops to trust-based working hours, partial retirement, provision of childcare services, job sharing and working from home.

We also highly value staying in contact with mothers and fathers during their parental leave and helping them ease their way back into the workplace. For example, we help our employees on parental leave to stay abreast of important events from home by giving them access to the Tchibo intranet. Mothers and fathers taking time out from work for parental leave can meet at get-togethers to discuss their experiences, and a "buddy" programme ensures that parents stay up-to-date on important developments in their department.

The ability to combine work with a family has to be reflected in our management culture in order to truly be a part of our everyday business. Part-time work and reintegration into working life are therefore topics for management seminars at Tchibo.

Childcare for over 40 of our employees' children

We want our employees' children to be well cared for during working hours so their parents can dedicate themselves completely to their work. It is often difficult for working parents to find easily accessible, qualified and - in the best case - year-round childcare facilities. This is why we have been cooperating with a childcare centre in Hamburg since 2006. Here, trained childcare workers look after about 100 boys and girls, from babies to school-age children, of which 33 are the children of Tchibo employees. The centre takes applicants' socio-economic situations into account when awarding places. In 2011, ten new places will be made available for employees' children.

“Familienservice” helps out in emergencies - providing comprehensive advice

Who will take care of the children if an employee has to work late or has to take a weekend business trip? And who will be there for an elderly mother in need of care if the caregiver calls in sick at short notice? Whenever such gaps in care or other family emergencies occur, Tchibo employees can call on the help of Familienservice, an external employee development partner. We have been cooperating with this independent consulting and recruitment service since 2009. We work with Familienservice to offer our employees seminars, workshops and events to give them qualified advice and assistance with finding help in the following areas:

- Childcare
- Use of emergency care facilities for children
- Care of relatives or older people (eldercare)

Familienservice also offers free holiday care for children (“Company Kids”) to bridge childcare gaps during school holidays. All company employees in the German federal states of Schleswig-Holstein, Hamburg and North Rhine-Westphalia can make use of this service.

In 2010, we extended our cooperation with Familienservice Germany-wide, making their services available to our employees at our Gallin site and in our shops.

Free seminars for our Hamburg employees

We are able to offer our employees free seminars on parental leave and eldercare through our partner Work-life Koordinierungsstelle für Familie und Beruf (coordination centre for family and career). These events give workers an overview of services for older relatives in need of care or teach them how to optimise childcare and plan their return to work after parental leave.

Additional services make everyday life easier

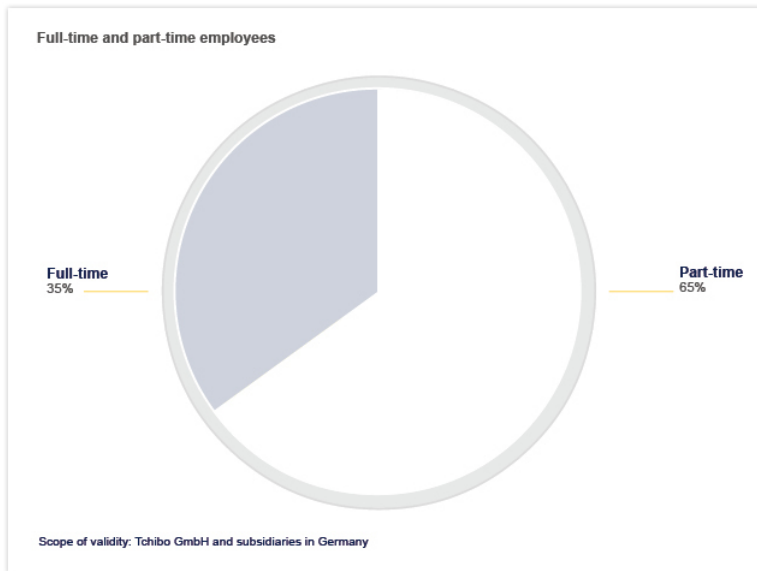
Tchibo employees have access to a concierge service to make it easier to balance everyday life and work. Possible services include errand running, shopping services and house sitting, and a cleaning service is also available.

A pioneer among retail businesses: certified family-friendliness

We are a leader in family-friendly business practices. We are very proud, as a family business, to be the first retail company in Germany certified as a “family-conscious employer” by berufundfamilie gGmbH. The Hertie Foundation’s initiative issues the certificate as a seal of quality for family-conscious HR policies in Germany. The initiative conducts audits in which eight defined areas of action such as work organisation, management skills and services for families are assessed by means of 35 individual measures. Tchibo now sends annual reports on its progress to berufundfamilie.

In 2010, to further improve employees’ ability to combine their careers with family life, we established a “master plan” for the upcoming three years, based on several workshops. In the plan, we have recorded our targets and the measures we want to take to attain them. One such target, which we are putting into action in 2011, is to form project groups to focus on sabbaticals and care for relatives. Additionally, a brochure has been written to inform all Tchibo employees about how the company supports them when they have caring responsibilities for relatives.

Employees by form of employment (2010)



As of 31 December 2010, Tchibo GmbH and its German subsidiaries employed 2,949 persons full-time and 5,477 part-time.

Work and family / Interview with Kathrin Francken

"Invaluable, yet free"

Long-standing Tchibo employee Kathrin Francken on caring for a relative and the value of expert advice.

Following a hospital stay, Kathrin Francken's mother needed long-term care, and the 56-year-old faced a tough decision: Where was her mother going to live? Francken, who is from Hamburg and has been working at Tchibo since 1992, turned to the company's in-house service for families, which has been helping employees since 2009. In an interview, Kathrin Francken explains how the free advice service helped her find a solution which also suited her mother.



You turned to Tchibo's family services. Why?

It was becoming clear that my mother could no longer take care of herself, and I had to make a decision. Should she live in a nursing home? Or was there some way for her to stay in her own home as long as possible? That was what she had always wanted. I decided to ask Tchibo's family services for support to find the best solution for everyone.

How exactly did family services help you?

First, I called family services and explained my situation to an employee in detail, and then we made an appointment for me to receive face-to-face advice. At the appointment, I was given information on my options in the course of a one-and-a-half-hour conversation. Keeping my mother's wishes in mind, I finally chose an option which would allow her to stay at home: a trained carer, whom my mother got to know better in a personal discussion, takes care of her a few hours a week, going for walks with her, reading to her and helping her with all the things that she can no longer do on her own.

So, you had taken the first step - you had made a decision. What happened next?

Within a week, Tchibo's family services put me in contact with an expert carer, a former nurse. I was really surprised by how quickly and easily everything played out. My mother is also happy with the decision and even contacts the carer on her own. If needed, the carer will pop round to my mother's for an hour or two at short notice.

Who would you say can benefit from family services?

All of my colleagues at Tchibo who face great difficulties as they try to coordinate work and family life - regardless of whether they are caring for children or older relatives. Of course there are also other ways to get information, online for example. But for me, receiving professional advice on an individualised basis at a face-to-face appointment was much better, especially because caring for relatives is a very personal and difficult issue. I was and still am very grateful that I have a skilled and trustworthy contact person at my side. It's an invaluable service - and it's completely free!

Training and Development



We promote education and further training of our employees. This benefits all parties.

Keeping on improving together

How Tchibo supports its employees by providing training

Tchibo supports its employees - from trainees to managers - with various measures. This consolidates our excellent market position and allows each and every employee to keep on developing.

It is a give-and-take from which both sides benefit: Motivated and competent employees push Tchibo forward day after day - thereby securing our company's future. In return, we support our workforce with numerous training and career development measures. For us, this is a key element of an corporate culture that appreciates employees.

A variety of roles and responsible tasks

We see the great importance of providing the workforce with training and ongoing further and advanced training. The importance we attach to this issue is reflected, for example, in our vocational training programme, because one of the features of training at Tchibo is that trainees pass through a variety of stages, holding different positions and taking on responsible tasks. In this way, Tchibo's vocational trainees, who currently number 143, are challenged and developed - a good foundation for a young person's professional future.

Our training programme focuses on business and commerce. But young people can start a career at Tchibo in other areas, too - we train them for trades ranging from industrial mechanics to warehouse clerks to chefs. The number of trainees in our Tchibo shops rose from 22 in 2010 to 44 in 2011.

Overview of traineeships at Tchibo

Commercial traineeships:

- Bachelor of science in commercial information technology
- Bachelor of Arts in business studies, specialising in retail
- Bachelor Coffee Management
- Visual merchandiser
- Industrial manager
- Wholesale and foreign trade manager
- Management assistant in office communication
- Logistics and transport services manager

Technical traineeships and trades:

- Warehouse specialist
- Specialist in warehouse logistics
- Industrial mechanic
- IT system electronics technician
- Chef
- Mechanical engineer

Good training for our graduate trainees

The number of graduate trainees also grew in this period, from ten to 15. We also plan to introduce a graduate trainee programme in eastern Europe in 2011. We aim to win qualified future managers for the company and to train them. Young talents from various eastern European countries will learn the ropes at Tchibo for 18 to 24 months, so that they can later work in marketing or as a Tchibo shop manager. A cooperative course of study and vocational training in logistics will be launched in 2011 in partnership with the NORDAKADEMIE in Elmshorn.

Our training is award-winning

Completing vocational training at Tchibo is often just the beginning of a journey. For example, shop-based trainees who score an average grade of at least 2.0 ('good', on a scale of 1 to 6) are offered a permanent full-time position after completion of their training. In-house trainees are generally offered a one-year position.

Given the wide range of courses available and the intensive support that trainees receive, we are very pleased that Tchibo was named "Ausgezeichneter Ausbildungsbetrieb 2011" (2011 award-winning training company) by the Chamber of Commerce of the German city of Schwerin, in special recognition of the outstanding performance of our cooperative professional qualification. We see this as an incentive to invest more in supporting Tchibo's up-and-coming workforce.

Our employees: constantly developing

Landing a job at Tchibo opens the door to a plethora of career development opportunities for our employees. Management positions are often filled from within our own ranks. To promote this development, we not only set great store by sound training, but also by ongoing advanced training: Our wide range of courses and units includes seminars, workshops and other training programmes, covering everything from skills training to foreign language instruction. Together with HR, individual training measures may also be agreed and carried out depending on the needs of the individual employee and of the area they work in. These are all joined by additional programmes such as Tchibo Future Lab, a programme for potential executives. This development programme is tailored to the needs of middle management and was also successfully carried out in 2010. Top management and the Management Board use the results of the project as strategic support.

A day of events focusing on ongoing training was a highlight of 2010. The day's features included live coaching and taster seminars. There was a huge amount of interest: approximately 1,200 people registered, with some 250 able to take part. They attended seminars on topics such as "Body language in presentations" or participated in a business game, to name but a few.

Seminars teach skills - including sustainability-related ones

Our range of training courses is based on a series of regular events. The “Bohn Apart” training programme allows us to provide our employees with intensive support and to help managers and teams in times of change. In coffee skills seminars, which we are currently developing and will be offering our employees, we will impart coffee knowledge, including issues around sustainability and social commitment. The same also applies to units such as our induction event “Tchibo stellt sich vor” (An introduction to Tchibo) or leadership seminars.

Impressive HR development

On average, managers and shop staff underwent ten to 12 hours per year each of training and further development in 2010. For employees in middle management and administrative staff, the average was between 20 and 25 hours per year. This means that our administrative employees (executives, middle managers and administrative staff) benefited from approximately 51,000 hours of training in 2010, and shop staff from approximately 59,000 hours.

Investment in training for Tchibo administrative and shop staff in Germany, Austria and Switzerland (2008-2010)

Year	Investment
2010	EUR 4,796,000
2009	EUR 4,814,000
2008	EUR 900,000

We adjusted our data collection systems in 2010 due to changes in internal requirements. This means that expenses for training and education hours in 2009 and 2010 can only be given as a total sum and cannot be shown per country. The 2008 figures refer to Germany only. This results in significantly higher figures for 2009 and 2010. However, we plan to revamp the existing controlling system for training and education in 2012, which will allow us to show costs per country.

Performance is assessed - and good performance recognised

All employees need feedback on their performance for their own professional advancement. We conduct feedback interviews and assessments with employees, with the aim of identifying strengths and weaknesses - and, as a result, remedying any shortcomings, if required, with help from line managers or HR. Overall, around 2,000 employees benefited from such performance assessment in 2010. In the year under review, to further improve the effect of this feedback for professional prospects in 2010, we combined the performance assessment with the interview on the employee's targets and opportunities for development. From 2011, managers will receive anonymous assessments from their employees. This 360-degree feedback means that managers will receive objective feedback on their skills and abilities, as well as their potential for improvement.

Equal opportunities



We measure our employees by performance alone. Quite simply, we do not tolerate any discrimination.

Supporting diversity, outlawing discrimination

How Tchibo enforces equality of opportunity.

Younger and older people, men and women, German citizens and citizens of other countries – people with a whole range of different experiences, points of view and interests work side by side at Tchibo. We see this diversity as enormously enriching. We do not tolerate any discrimination.

All employees here have the same opportunities, because we judge them solely on their performance. This is also set out in our Code of Conduct:

“No-one may be discriminated against on the basis of their race, skin colour, nationality, parentage, sex, beliefs or ideologies, political attitude, age, physical constitution, sexual orientation, appearance or any other personal attributes, or otherwise placed at any disadvantage without an objective reason.”

All employees have been trained on this issue and received a copy of our Code of Conduct at their home address with a covering letter. Every new employee is also given a copy of the Code of Conduct on their first day at work. These measures stress the importance of equal opportunities and conform strictly to the German General Equal Opportunities Act (Gleichbehandlungsgesetz - AGG), which is also known as the Anti-Discrimination Act.

Hay Group's system ensure fair salaries

The principles of equal opportunities are also made clear in our salary system: To ensure comparable compensation for administrative and production employees, we have been using management consultant Hay Group's job evaluation system since 1996. This system objectively assesses roles in accordance with their 'knowledge', 'thinking' and 'responsibility' requirements and is the basis for the roles' remuneration. This effectively eliminates salary inequality.

Women sustain the business

Our business is predominantly sustained by women: more than 80% of all employees are female. This impressive figure is mainly due to the high number of women who work in our shops. A woman on the Management Board is responsible for the Eastern European business, while the proportion of female employees also constitutes a good third of non-payscale employees. However, women are still under-represented at the second level of management: senior management here is made up entirely of men.

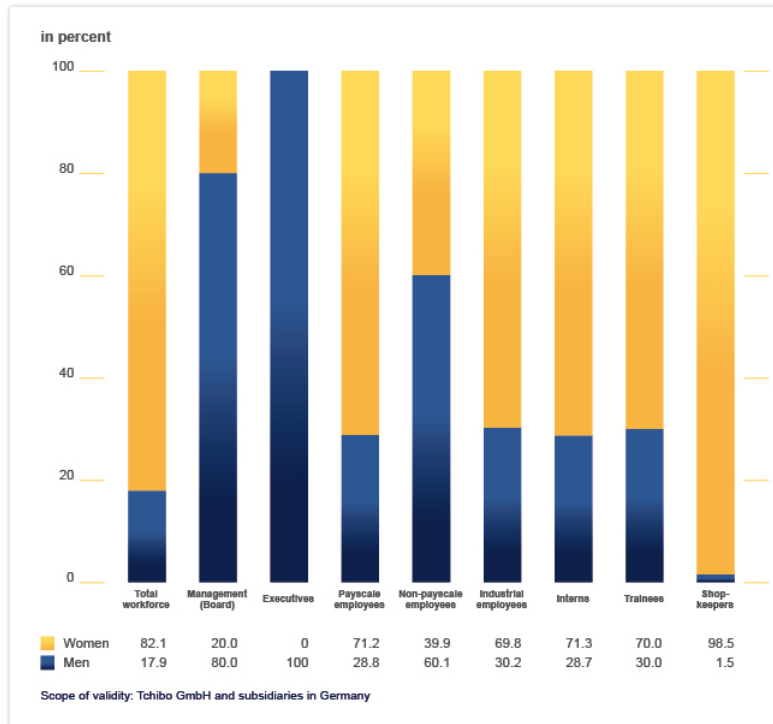
We have therefore made measures to promote women to the second management level a priority. In addition, we are working hard to continue to improve employees' ability to combine work with family life.

NetQ supports employees with disabilities

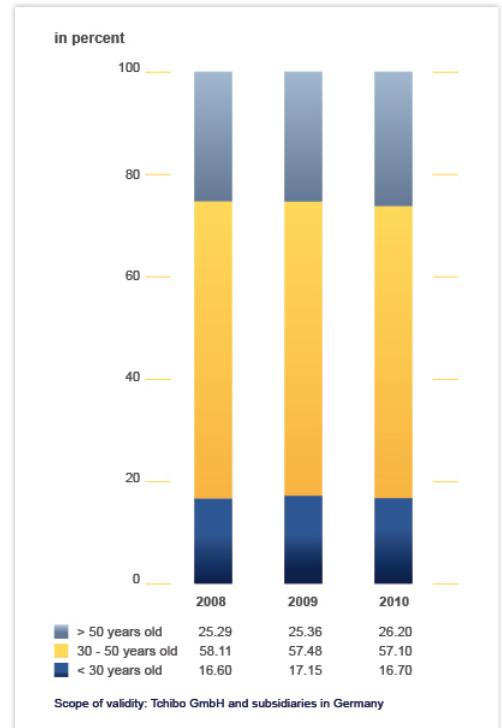
We want employees with disabilities to be able to realise their full potential. This is why we cooperate with the NetQ project. This project is supported by the European Social Fund (ESF) and Hamburg's Integration Office and offers targeted soft skills training to make the working day more effective, more successful and less stressful for employees with disabilities. The seminars cover time management, communication strategies and relaxation techniques, to name but a few. Attendance is free.

Employee benefits

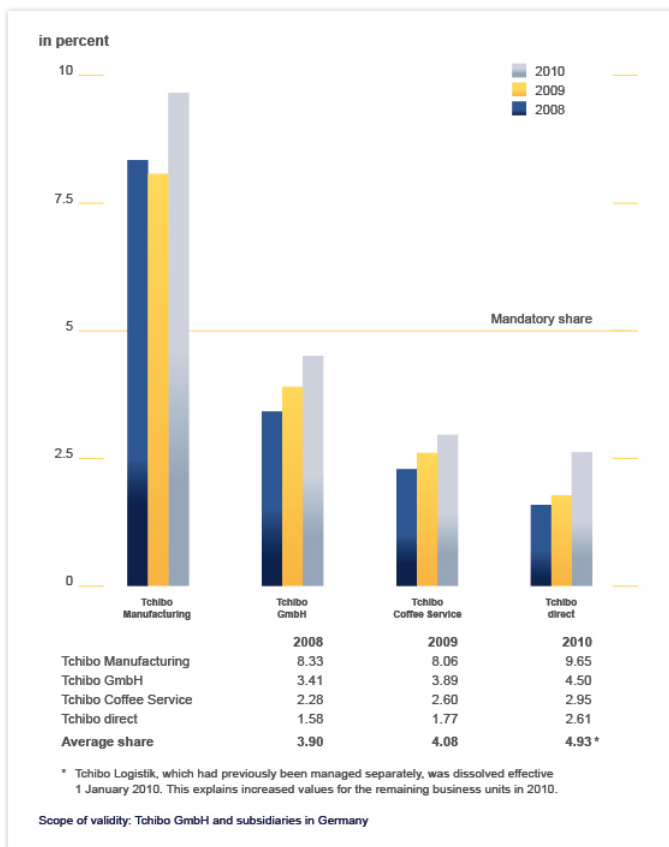
Percentage of men and women (2010)



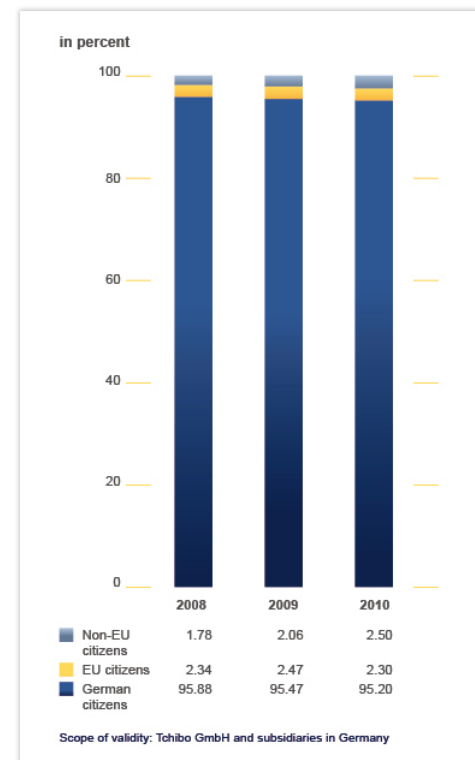
Age structure (2008-2010)



Employees with disabilities (2008-2010)



Nationalities at Tchibo (2008-2010)



Health and safety



Our employees' well-being is important to us. This is why we are committed to creating a safe and healthy work environment.

Fit, healthy and productive

How Tchibo promotes employees' well-being.

Tchibo sets great store by occupational health and safety. We focus our activities on creating safe and healthy workplaces for our employees and taking preventive action.

Our business success depends on our staff and their capacity to perform. We take numerous measures to promote the physical and mental well-being of our employees.

Workplace enhancement and lifestyle enhancement complement each other

Our employees' health is closely related to their working environment. However, each and every employee is also responsible for their own health status. Tchibo supports workplace and lifestyle enhancement.

- **Workplace enhancement:** Creating working conditions that promote health by aligning work processes, working environments and workplaces accordingly
- **Lifestyle enhancement:** Developing working methods and lifestyles that promote health, on the basis of information, experience and training

To integrate both pillars of health promotion in our staff's day-to-day activities, we implement numerous health and safety measures, ranging from providing ergonomic workplaces to offering sport activities. We are committed to increasingly interlinking measures to promote workplace and lifestyle enhancement.

Ergonomic workplaces prevent medical conditions

Appropriately designed workplaces ensure that employees are prepared to take on the physical challenges of their work. By way of example, we expanded our scheme of subsidising optical glasses for employees who work on computers to our shops in 2010, making this offer available to an additional 5,500 employees.

Backache is becoming an increasingly important issue. We are committed to supporting our employees in preventing back pain and relieving existing conditions. We are replacing old desks with height-adjustable models and are instructing staff on how to use their new desks. We have already made good progress here: About 75 per cent of desks at our Hamburg location have already been replaced. Upon request, we also provide our employees with ergonomic technical equipment.

Focusing on the back

We have been cooperating with the back care centre Rückenzentrum Am Michel in Hamburg since the autumn of 2010. A skilled physiotherapist is available four hours a week at our Sports and Leisure Centre to answer questions and provide support with back conditions. He treats and advises employees on ergonomics issues and prepares personal training schedules. The physiotherapist also refers staff members to our works doctor upon request of the employee or if it is deemed medically necessary. We sponsor this therapy; employees only have to pay a nominal charge of 5 EUR.

Creating favourable conditions for individual health care

Modern health and safety management goes far beyond the prevention of accidents and diseases. We are shifting our focus to active health promotion, asking ourselves: "What keeps us healthy?" Numerous varied initiatives provide our employees with the necessary means to take responsibility for their own health and well-being. The Tchibo Sports and Leisure Centre has been offering classes to our staff in Hamburg for 30 years. Varied offerings, ranging from water aerobics in our own swimming pool to ball games such as basketball or football and Pilates or Yoga classes contribute to improving overall fitness, promote preventive health care and help employees reduce stress and relax. Our company fitness groups offer team sports and competitions.

In 2010, we initiated another campaign: "Fit am Mittag" (Lunchtime Fitness). The course combines stretching and Yoga components with relaxation exercises, meditative elements and breathing exercises. The long-term programme serves to offset sedentary work.

Free check-up for executives

Tchibo executives are offered medical checks, biennial check-ups at the DIAGNOSTIK ZENTRUM Fleetinsel Hamburg. These checks include the tests required to reliably analyse the executive's health status in a short period of time. Tchibo accepts the full cost of these check-ups.

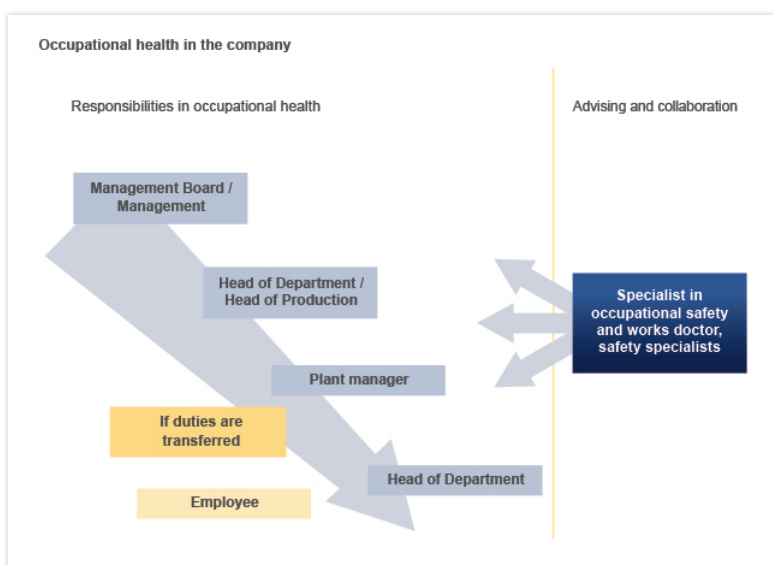
Tchibo is an "acknowledged" example

Tchibo received various prizes and awards over the past years, proving that our central headquarters and shops in Hamburg have already embarked on the right path: The Hamburg-based occupational health and safety authority (AfA) again recognised our excellent occupational health and safety management in 2010. Our Hamburg production facility also received this acknowledgement on a previous occasion. The "organisation with excellent occupational health and safety system" label awards us for implementing and continuously furthering the development of occupational health and safety activities.

The award encourages us to continue our work in the field of occupational health and safety. But there is still room for improvement, and we are committed to boosting our performance. One focus is on seamlessly integrating occupational health and safety in all relevant processes and structures.

Decentralised and clearly defined - our occupation health and safety structures

Occupational health and safety at Tchibo is based on legal demands. Our work safety directive clearly sets out goals and responsibilities. Tchibo has a decentralised occupational health and safety system. Independent structures have been created for different locations such as the main administrative centres, shops, logistics and roasting plants. We have set up local health and safety committees. Work safety specialists who have been trained in-house support the responsible health and safety officers on location.



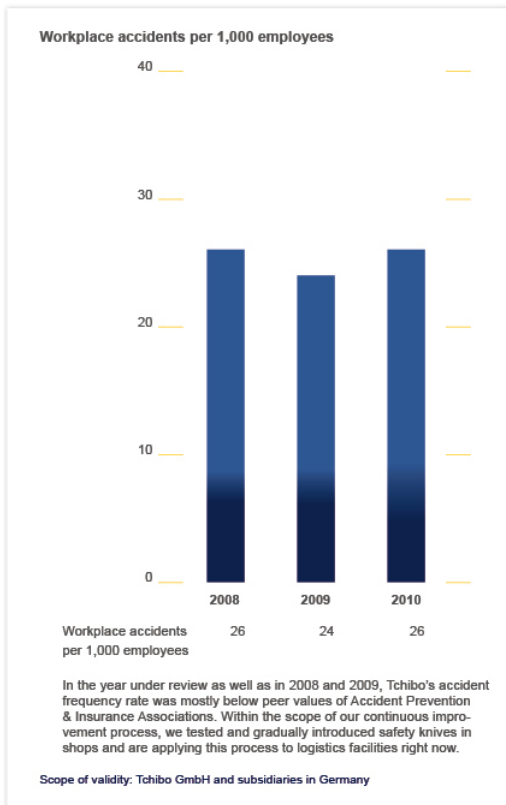
In addition to this operational structure, our planning and sourcing guidelines also shape occupational health and safety management. A detailed checklist of occupational health and safety aspects is taken into account when upgrading shops. By way of example, this helps us consider, and consistently avoid, risks that may arise during device commissioning. The process has already been completed for our roasting plants and is set to be expanded to other areas. We also conduct safety checks when it comes to purchasing work materials and equipment.

Occupational health and safety performance in 2010

In 2010, we recorded 26 workplace accidents per 1,000 employees at our production and logistics sites, in the Tchibo shops and administration. The figure rose slightly compared to 2009, when Tchibo filed 24 workplace accidents per 1,000 employees.

We are committed to reducing the number of workplace accidents and improving the efficiency of occupational health and safety. We want to achieve this through individual measures such as repeated risk/hazard assessments, as well as by further extending workplace safety and further developing a comprehensive occupational health and safety management system. For this, we have already launched specific measures.

Workplace accidents (2008-2010)



Compensation and benefits



Consistent, performance-related and transparent - we define our compensation system through objective criteria and offer many additional benefits.

Motivating, rewarding, helping save for the future

How Tchibo ensures employees receive consistent and attractive compensation.

Tchibo expects a lot from its employees. In return, employees can rest assured that their performance is appreciated and that they are paid handsomely for their work. Equal treatment, transparency and consistency are important principles on which our compensation structure is based.

We stand by our obligations to our employees: with appropriate, consistent and comparable compensation, as well as a range of non-mandatory benefits. We show our appreciation for success with bonus and reward systems. We also make contributions to our employees' futures through a company pension scheme. Regular market comparisons ensure that our compensation package is and remains competitive.

Job evaluations ensure objectivity and transparency

The compensation system for employees in-house and in the sales force has been based on Hay Group GmbH's job evaluation system since 1996. International locations have also been included since 2009. The system objectively describes and rates roles according to their requirements. Employees are allocated to one of 14 Hay Group salary levels according to a standardised procedure: Firstly, the most important responsibilities of a position are documented in a job description and an overview of the tasks and requirements is created. The position is subsequently assessed in terms of uniform, comparable criteria, so that its requirements can be measured. The assessment is based on the following criteria:

- **Knowledge:** What knowledge and experience is necessary to meet the demands of this job?
- **Thinking:** To what extent have the required work processes, procedures and clear objectives been stipulated to the person in this position? Is it necessary for them to identify, investigate and solve problems independently?
- **Responsibility:** Within which framework does the person in this position act and decide? To what extent can the role influence company or departmental results?

The answers to these questions form the role's evaluation. This system makes positions within the company comparable on a national and international level and forms the basis of fair and market-driven remuneration. Other HR services and instruments also tie in to the evaluation - and the evaluation system makes a big contribution to personnel development at Tchibo: Comparing performance with the job description shows the employee and their manager what is going well, but also where there is room for improvement.

Market-rate wages for all

Fair and appropriate wages are important to us. We follow the pay scales defined by collective agreements for the retail trade in the remuneration of our shop employees and sales force. We are only affected by low wages in a very small number of areas, such as services that are performed as part-time work such as putting out stock or working on the Coffee Bars in our shops. Here we do not pay less than EUR 7.50 per hour.

Variable compensation motivates and rewards

Our employees play a key role in our success as a company. We therefore find it important to reward them for success - this then motivates them to continue to work towards ambitious goals. We set up incentives and honour individual performance with variable elements of remuneration such as bonuses and rewards. For employees falling outside the scope of collective wage agreements, there is a bonus system that additionally rewards the attainment of company and department targets as well as individual targets, so that they too can share in the company's success. Administrative managers can also draw on a separate rewards budget for special achievements made by their employees. Voluntary Christmas and holiday bonuses may also be paid.

2010 was a successful year for Tchibo. As a thank you and to recognise the work performed, all employees not eligible for a bonus will receive a one-off reward of EUR 1,000 - EUR 800 gross as a special payment and EUR 200 in vouchers.

Planning ahead for retirement - with our pension plans

Our employees' future is important to us. For the past ten years, as a thank you and in recognition of the work performed, we have committed to providing all employees of Tchibo GmbH and its domestic subsidiaries - including shop staff - with a company pension scheme, a capital payment based on how long they have worked for the company and the company's long-term success. The amount of the payment depends on the employees' contractual position and how long they worked for the company. With this scheme, we are setting a good example for our sector.

As part of the "wage agreement-related and statutory pension scheme", all Tchibo employees also have the option of building up an additional pension pot through payments exempt from taxes and social security contributions, to which we contribute up to EUR 300 per year on the employee's request. We also offer direct insurance, and for managers deferred compensation, as further private pension plans. The employee's individual life situation determines which form of pension plan instrument is best for him or her. Our experts in HR offer one-to-one consultations to answer this and any other questions that arise.

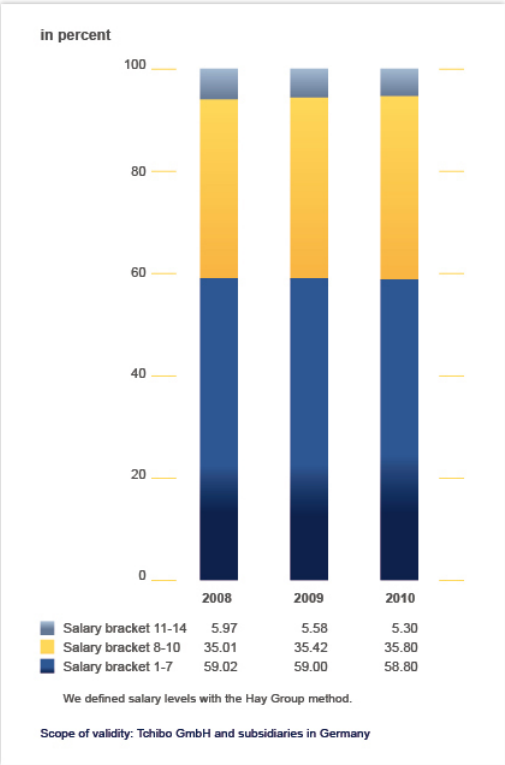
Corporate benefits in 2010

As a family business, we attach great importance to the satisfaction of our employees. We therefore offer them a comprehensive package of voluntary benefits. This allows our employees in Hamburg, for instance, to engage in over 30 different types of sport, to take a dip in the pool or to work on their health in the gym at the Tchibo Sports and Leisure Centre, all for a low contribution. The employees' canteen is also subsidised, holiday pay is awarded and there are discounts on Tchibo products.

Here is an overview of our current benefits package:

- Flexible working hours systems such as trust-based working hours, flexitime, part-time and work from home
- Provision benefits (such as accident insurance)
- Anniversary contributions
- Health checks
- Employee discounts and a monthly coffee allowance
- Discounts at many partner companies
- Public transport subsidies for employees
- Employee canteen and cafeteria, tea kitchens on all floors with a range of coffee, tea, cocoa and mineral water, free to employees
- Facilities at the Sports and Leisure Centre
- A company sports programme
- Reserved places at the City Nord children's daycare centre in Hamburg
- Children's events
- Events for retired employees
- A Christmas roast
- St. Nicholas and Easter gifts
- Organisation of festivities and celebrations (such as a summer festival)

Distribution of salary levels at Tchibo (2008-2010)





At the centre of society

Why, how and to whom Tchibo provides support

Tchibo is a contributing member of society. But being an active player in our community also implies assuming responsibility. We are committed to taking on this challenge - through initiatives that promote education and training as well as community involvement. All our activities are guided by the principle "help them to help themselves".

We assess the need for action when deciding which projects to launch or support. However, we also want our efforts to be closely related to our core business, making this another key criterion. We engage in activities in coffee-growing countries as well as in cotton-producing countries that supply raw material for our textiles business. We are also committed to community projects in our core sales markets, including Germany and Austria.

Promoting education and training



Many people do not have access to education in the countries where raw coffee and cotton are produced. By becoming involved in various projects, Tchibo wants to contribute to paving the way for change.

Knowledge is power

Tchibo supports education and vocational training

Be it raw coffee or cotton - Tchibo is committed to the regions where our products are sourced and supports workers and their families. We are involved in projects that promote education and training, guided by the principle of "help them to help themselves". Such initiatives include providing training, building schools or establishing childcare programmes. Through these projects, Tchibo helps to improve living conditions.

Since Tchibo actively purchases throughout the world, we benefit from the advantages of an international workforce. In return, we take on responsibility in raw coffee and cotton-producing countries. The guiding principle "help them to help themselves" applies to all our activities and all projects initiated in cooperation with our partners. We want to empower people to actively shape their future.

Guatemala: better education for the children of coffee farmers

As there are no good alternatives, migrant workers often have to take their children with them to the coffee fields during harvest times. This means that the boys and girls will not attend school for months, which considerably reduces their possibilities to obtain good education. It is also possible that children help their parents in the fields, substantiating a risk of illegal child labour. Together with local educational institutions, Tchibo is

committed to offering age-appropriate care and education for the children of coffee farmers. The project provides better access to education and helps children catch up with their classmates when they return to their villages.

A feasibility study shows: Location and schedules are key factors both for permanent employees on coffee farms and migrant workers. All interviewees said they would use childcare programmes during harvest times. This is very important, as the successful implementation of our project will depend on people accepting our offerings. We will introduce a range of services in a specific growing area during the 2011/2012 harvest. We plan to set up a kindergarten for the little ones. It will be managed by local ethnic women. We also want to offer age-appropriate activities for school children, enabling them to continue learning and fill gaps in knowledge.

Pupils in Quinchía, Columbia: "Fairer Genuss" provides for full-time offering



As explained in our 2009 report, Eduscho Austria and "Federación Nacional de Cafeteros de Colombia" (FNC) launched the San Juan school project in the small town of Quinchía in central Columbia. We first build a new classroom and provided all required furniture and teaching materials. In November 2009, we started construction work on a cafeteria in the second floor of the building, completing the facility in May 2010. This ensures all-day care for the children - from morning lessons, through the lunch break, to homework supervision in the afternoon.

About 70 children from our partner cooperative can regularly attend school now thanks to this new construction. The project was financed through a donation campaign: From February 2009 until completion of the project, ten cents were donated to the South American school project for every "Eduscho Fairer Genuss" unit sold. The campaign helped to raise a huge amount of money to cover the costs incurred.



Women in Kenya: expanding knowledge to promote independence

Men dominate the coffee business in East Africa. Although they do much of the farm work, women are mostly excluded from decision-making processes. Since 2010 we have been looking for ways to better involve women in our projects. Our training programme in the Baragwi cooperative in Kenya is a good example for our new approach: A local study revealed that women wished to get more information on good cultivation practices for growing coffee, maize, beans and mangos. They also said they needed support in developing additional sources of income such as dairy farming or chicken farming as well as advice on proper finance planning for required investments. In 2010 we selected 13 existing women's groups for participation in the project.



Social involvement in coffee-growing countries - supporting the ICP

In addition to Tchibo's own commitment, we are also collaborating with strong partners in the raw coffee-producing countries. Since 2011 we have been involved in numerous support activities under the motto "help them to help themselves" through the "International Coffee Partners" (ICP) organisation. Joint efforts made by this group of players across the coffee chain have directly helped 12,000 coffee farmers so far. Another approximately 56,400 farmers have benefited indirectly.

"Cotton made in Africa": improving the living conditions of cotton farmers

Many of our textiles are made from cotton. Since 2008, we have strongly supported "Cotton made in Africa", an initiative of the "Aid by Trade Foundation" to improve the living conditions of African cotton farmers and their families in Benin, Burkina Faso, Malawi, Côte d'Ivoire and Zambia. Farmers are trained in environmentally and socially sustainable, efficient cultivation practices, allowing them to achieve higher quality cotton yields and improving their income. Another key factor is providing farmers' children with better access to education. Tchibo actively purchases "Cotton made in Africa", and we frequently offer items from "Cotton made in Africa" in our weekly changing range of products.

Case study: Benin - paving the way for better education with strong partners

The West African Republic of Benin is one of the poorest countries in the world. Cotton farming has a long history there. About a third of the Beninese population live in extreme poverty. Many children cannot attend school regularly, as their parents do not have the money for school supplies and uniforms. Schools are often far away and used to be poorly equipped, lacking seating, tables and teaching materials. In six communities, this situation is now set to improve.

In July 2010, Tchibo launched a school project in Benin, together with the "Aid by Trade Foundation", the German Society for International Cooperation (GIZ), the German Investment and Development Company (DEG), the International Cotton Association I.C.A.-GIE and the local "Cotton made in Africa" farmers' organisation. The public private partnership (PPP) will run until 2013 and intends to improve the school infrastructure and quality of education in six Beninese communities.

In 2010, the partnership already provided school books and about 10,000 school uniforms from "Cotton made in Africa". In December 2010, construction work started for a school building in Pehonco. There are plans to build another six schools in the north of Benin. Ten facilities will be connected to the grid; photovoltaic plants are to be installed on these buildings. We will also set up ten school cafeterias, complete with own drinking water well and vegetable gardens.

This project in Benin is not just about offering children a better future: It makes a valuable contribution to improving the living conditions of smallholders in the long term and advancing sustainable cotton farming.

Further information:

International Coffee Partners (ICP): www.coffee-partners.org

Cotton made in Africa: www.cotton-made-in-africa.com

Aid by Trade by Foundation: www.cotton-made-in-africa.com

Community involvement



We are an active member of the community, taking on responsibility for the people around us.

A good neighbour. A personal face. A creative mind.

How and why Tchibo is involved in community projects

Tchibo is a contributing member of society. We also take on responsibility beyond our core business activities and get involved in the immediate vicinity of our Tchibo sites as well as at a supraregional level. We donate coffee products and support fundraising campaigns, to name but two. Our employees are also committed to charity.

Our shops are often located in city centres and close to where our customers live. Tchibo as a company also has deep roots in society. Conscious of its position within society, Tchibo will expand its community involvement for the sake of local people at corporate sites as well as the commitment to supraregional projects. We usually want our efforts to be related to our core business.

Cheering up hospitalised children - the "RED NOSES" donation campaign

In 2010 we organised a unique campaign to support the German "RED NOSES" association and the umbrella organisation "Clowns für Kinder im Krankenhaus Deutschland e.V." Customers to Tchibo shops who donated two euros were presented with a red clown nose. All proceeds were given to these two organisations, which send clowns to cheer up children and keep their minds off their condition. We included the campaign in the "Roncalli summer magic" themed week to raise awareness of the organisations and their work. Tchibo collected a total of 68,110 EUR and added another 15,000 EUR, donating an overall amount of more than 80,000 EUR to RED NOSES and Clowns für Kinder im Krankenhaus Deutschland e.V.

Schoolchildren help schoolchildren - 2010 Social Day

We have been participating in the Social Day since 2004. In the wake of this project of the "Schüler Helfen Leben" organisation, children and young people from class 5 or higher can help at one of our shops for a day to get special insights into the working world. Participating schoolchildren donate their "pay" for the day - 50 EUR per child - to youth and educational initiatives in south eastern Europe. 19 children joined the 2010 Social Day and earned 950 EUR for the good cause.

Looking great for charity - the Whatever It Takes campaign

We established a charity selection in cooperation with the 21st Century Leaders Foundation's "Whatever It takes" campaign in 2009 and 2010. In the "Whatever It Takes" campaign, celebrities create a small work of art in picture or written form and donate it to the 21st Century Leaders Foundation. The Foundation sells the artwork and passes on the money generated to charities personally selected by the celebrities. The organisation describes its art donors as "21st Century Leaders".

In 2009 and 2010, we donated 265,000 euros from the proceeds of the sale of "Whatever it takes" products to the 21st Century Leader Foundation, who forwarded the money to charitable organisations nominated by the celebrity donors. These included Nelson Mandela Children's Fund, Lifebeat, Trade plus Aid and UNICEF.



3,000 steps for the love of life - Pink Ribbon RUN in Austria

Tchibo Austria again served as official sponsor of the 2010 Vienna Pink Ribbon Run to support the fight against breast cancer. Participants could buy their starting packages in any of the about 150 Austrian Tchibo shops. The entry fees for the 2.5 km charity run were donated to the Breast Cancer Relief Fund of the Austrian Cancer Trust. Approximately 1.500 joined the 2010 Pink Ribbon Run, which takes place the day before the Vienna City Marathon.

Polish colleagues pitch in - Corporate Volunteering

In October 2010, Tchibo Poland started its Corporate Volunteering program, offering socially committed employees financial support of up to 1,000 EUR. Since then, colleagues at Tchibo Poland have already launched four projects. The collected waste in a park in Warsaw, offered a workshop for disadvantaged students and brought some special Christmas cheer to children through two different projects. In Bielsko-Biala, Tchibo employees organised a Christmas party at the local children's home. Under the motto "Christmas - just like at home", colleagues in Wroclaw committed to decorate trees and do some Christmas baking with children of the TDCza and Opoka shelters. They also had a gift for all of the children. 25 employees were involved in the projects, offering a total of 137 hours of voluntary work.

Community help - donating coffee

Following a selection process we donated 926 kg roasted coffee, Café Cappuccino, pure milk chocolate and other foodstuffs with a total value of 21,800 EUR to community initiatives, charities and the German umbrella organisation of food pantries.

A look at a different world - SeitenWechsel (changing sides)

In December 2010, a top manager of Tchibo "changed sides" for the first time in the history of our company. He spent a week distributing used clothes in the "Herz As" day care centre for homeless in Hamburg, supporting experienced staff in sorting donated clothing and handing out textiles to the homeless. The assignment had been arranged by the "SeitenWechsel" initiative, which allows executives to strengthen their social skills and make valuable experiences that they can use in their professional careers. Another two Tchibo executives will "change sides" in 2011.

Further information:

SeitenWechsel: www.seitenwechsel.com

In black and white

How Tchibo uses facts and figures to underscore its reporting.

Tchibo is committed to providing windows on our performance in the field of sustainability, and presents information with a focus on facts. Tchibo follows international guidelines to facilitate comparing our efforts to the activities of other organisations. Learn more here about the data, figures and guidelines that form the basis of our reporting and about how Tchibo gets involved with the society we live in.

About this report

What Tchibo explains in this sustainability report, and how.

We began to holistically adapt our business activities to the principles of corporate responsibility in the spring of 2006. Since then, we have achieved a great deal - but we are also aware that we need to keep improving. In this sustainability report, we build on our past reporting, still guided by our high standards for its robustness and transparency.

We pursue a holistic approach to managing sustainability issues - the range of topics raised in this report reflects this. The fields of operation presented in the report are the areas of our business activity where our actions have the greatest effect on people and the environment - in terms of what we are doing as well as geographically. We use our continual communication with our stakeholders and the experience and knowledge of our corporate responsibility department as important resources for selecting these issues. In addition to describing our sustainability management system, we also provide clear and comprehensible descriptions of our activities and concrete efforts in the following areas of operation: our products' supply chains, measures taken for our customers, environmental protection, efforts made for our employees and societal engagement.

Global Reporting Initiative (GRI) guidelines

The sustainability report follows the Global Reporting Initiative's (GRI) internationally recognised guidelines, factoring in the supplementary protocol for companies in the food industry. These guidelines ensure that we describe our activities in relation to every significant sustainability issue. They also enable us to assess how our sustainability performance measures up with that of other companies. Overall, this makes our reporting more robust.

GRI: Highest Application Level A+

The Global Reporting Initiative assessed our report in July 2011 and confirmed that we reached the highest possible rating, Application Level A+. This means that we discuss all the standard information and core indicators predetermined by GRI and provide background information and reliable performance indicators if necessary.

In 2009, we joined the United Nations' Global Compact initiative and committed ourselves to its ten principles. The Communication on Progress for these principles is another component of this sustainability report.

External review by auditors

In 2010, auditors PricewaterhouseCoopers AG examined Tchibo's sustainability report. Carried out in accordance with the International Standard on Assurance Engagements (ISAE) 3000, the audit included recording and analysis of Tchibo's systems and processes relating to sustainability management. In the scope of the audit, the following figures important for understanding our business were collected:

- Percentage of overall purchasing volume consisting of sustainable coffees from 2008 to 2010
- Tchibo social audits by type of audit from 2008 to 2010
- Tchibo social audits by country from 2008 to 2010
- Results of initial and biannual audits from 2008 to 2010
- Results of follow-up audits compared to subject areas which had previously been criticised, from 2008 to 2010
- State of auditing and certification of producers working for Tchibo since 2009
- Number of customer contacts in the customer service department in 2010
- Electricity obtained by Tchibo from 2008 to 2010
- CO₂ emissions resulting from power consumption from 2008 to 2010
- Energy consumption in roasting plants from 2008 to 2010

Timeframe and location

This is Tchibo's third sustainability report. The report's main focus is the year 2010 (as of 31 December 2010) and encompasses all sustainability-focused activities carried out by Tchibo GmbH and its German subsidiaries. We have also included our international subsidiaries in the report, to the extent that they access centrally managed processes. We report on our activities to promote sustainability in Austria and Switzerland and describe the sustainability management system we implemented in our eastern Europe growth markets in 2009. We plan to update the report to cover the year 2011 during the third quarter of 2012.

The report also comprises information about activities which we carried out before and after the reporting period up until the editorial deadline at the end of March 2011. This ensures that the report is up-to-date and that readers can fully understand our performance without any gaps in information.

The sustainability report is exclusively available online in German and English and is available as a downloadable PDF document.

Collecting data

Up until now, Tchibo has collected information in individual departments by means of various data management systems. In the future, we want to make sure that we uniformly and comprehensively collect, evaluate and monitor our information relevant to sustainability. With this goal in mind, we will evaluate the need for an electronic data management system and take a decision on introducing and implementing such a system.

More information

Global Reporting Initiative: www.globalreporting.org

Key performance indicators

How Tchibo uses facts and figures to underscore its reporting.

This section includes a well-structured overview of all key data from our fields of action.

Economy

Revenue performance (2008-2010)			
	2008	2009	2010
Revenue (€ billion)	3.2	3.2	3.4

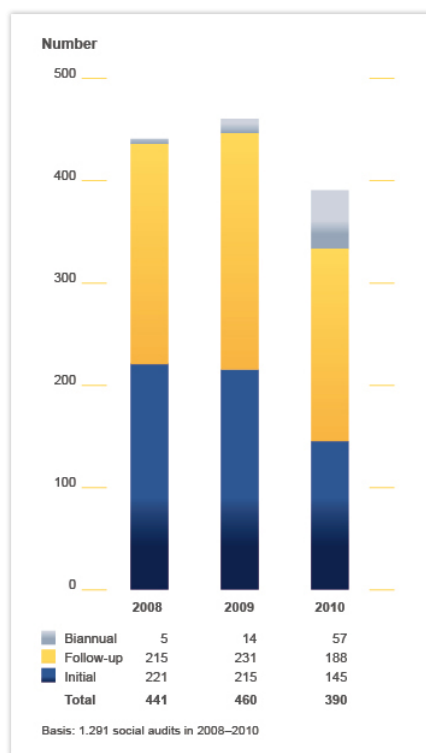
Supply chain

Share of sustainable coffee varieties in total purchasing volume (2008-2010)*			
	2008	2009	2010
Share of sustainable coffee varieties in total purchasing volume	6.3 %	8.0 %	9.6 %

We report this indicator from 2010, with retrospective effect, based on the amount of raw coffee supplied to the roasteries between 1 January and 31 December of each year. The figures for 2008 and 2009 have been adjusted accordingly.

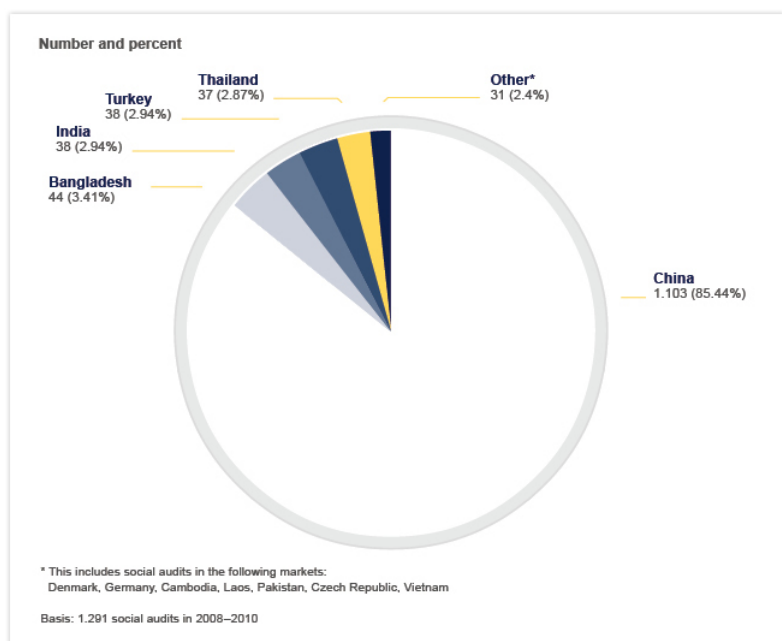
* Audited by PwC

Tchibo social audits by type of audit (2008-2010)*



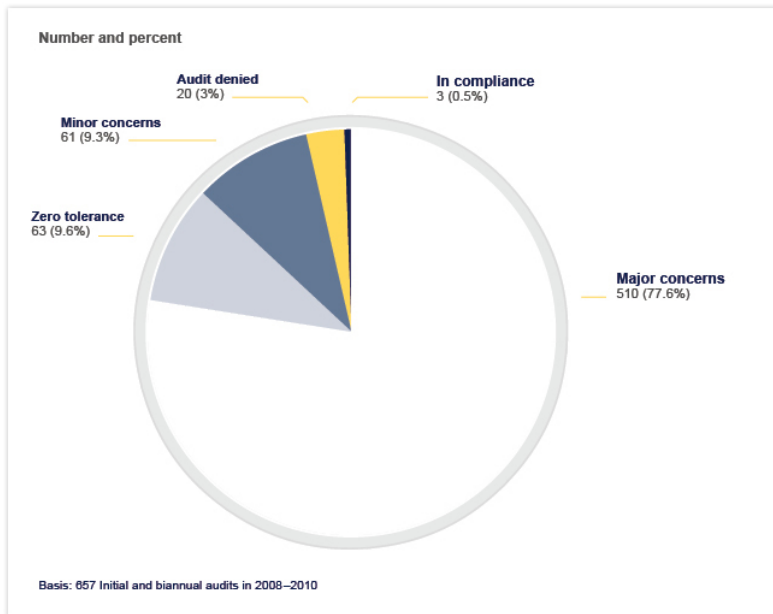
* Audited by PwC

Tchibo social audits by country (2008-2010)*



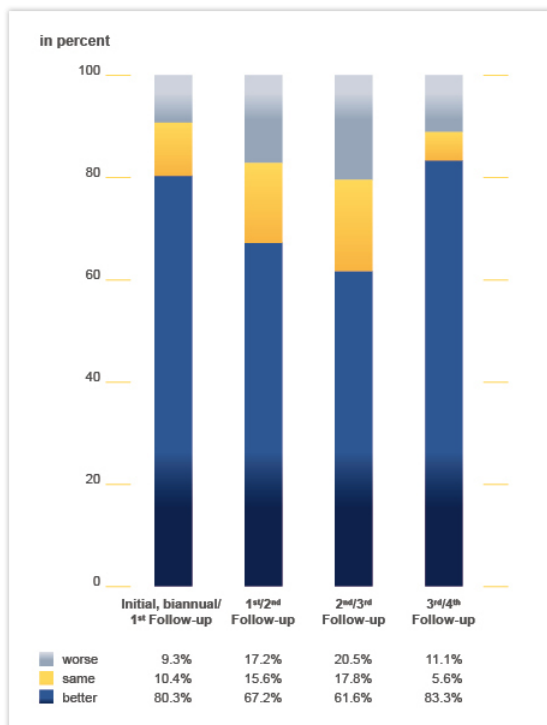
* Audited by PwC

Results of initial and biannual audits (2008-2010)*



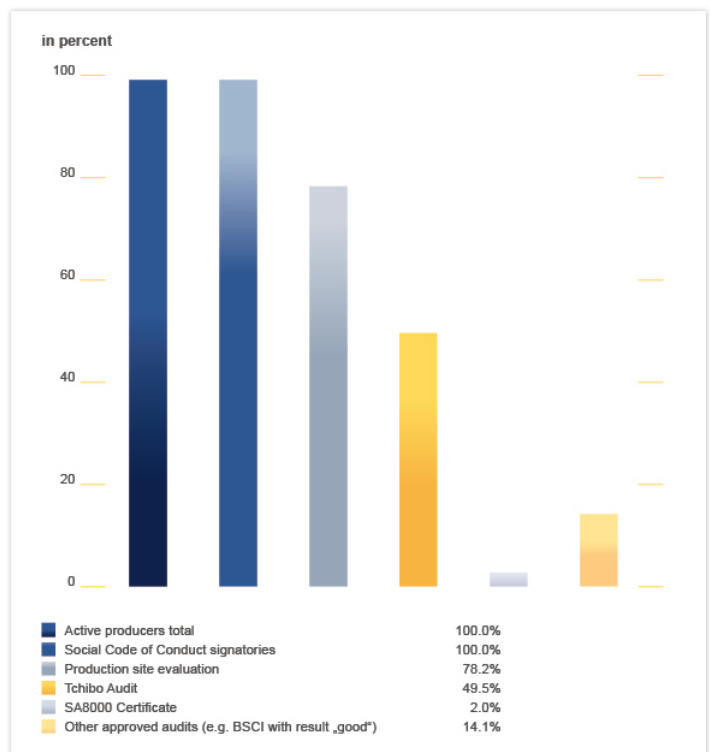
* Audited by PwC

Results of follow-up audits compared to previously identified issues (2008-2010)*



* Audited by PwC

Auditing/certification status of companies producing for Tchibo*



* Audited by PwC

Customers

Number of customer contacts directed to customer service in 2010*

Customer contacts by phone	
Reason	Customer contacts
Placing orders	1,450,000
Customer care before and during product purchase	1,600,000
Customer care after product purchase	295,800

Customer contacts by email, post or fax	
Reason	Customer contacts
Placing orders	213,000
Customer care before and during product purchase	1,573,000
Customer care after product purchase	150,000

* Audited by PwC

Reasons for customer contacts before and during product purchase in 2010

All figures in per cent

Delivery times/date and time of delivery	18.1
Queries on account balance	13.9
Placing orders	7.9
Call forwarding to another hotline	7.5
Complaints on articles	4.8
Response to payment reminder	4.4
Enquiry on handling of returns	4.0
Wrong amount (too many/too few)	3.7
Problems with online shop	3.4
Item availability	3.3
Exchanges	3.2
Enquiries on vouchers/coupons	2.9

Facts & Figures

Delivery of wrong item/s	2.6
Breakages/damage	2.0
Missing invoice/delivery note	1.8
Other	16.6

Reasons for customer contact after product purchase in 2010

All figures in per cent

Product enquiry: consumer goods	17.5
Customer care	15.8
Enquiry on repairs	15.1
General enquiries	11.1
Placing orders (replacement parts)	10.7
Ordering service (accepting orders)	5.9
Information on telephone numbers	5.4
Tchibo mobil (forwarding to appropriate service)	2.7
Exchanges	2.3
Cafissimo (incl. forwarding to Cafissimo hotline)	1.8
Refund of purchase price	1.3
PrivatCard (incl. forwarding to PrivatCard hotline)	0.8
Enquiries on possible cooperations	0.7
Discounts	0.4
Returns of products which fail to please	0.3
Other	8.2

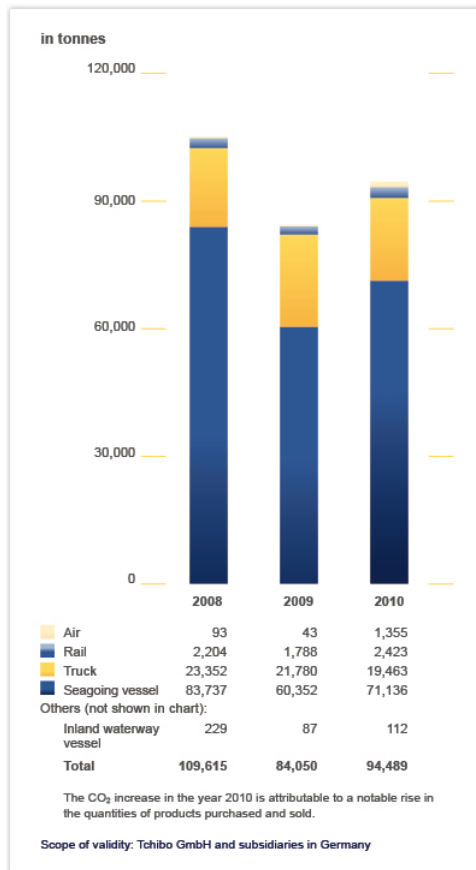
Number of contacts and processing times in service centres

	2008	2009	2010
Complaints	285,000	223,000	196,000
Proportion of repairs/replacement parts required	48 %	53 %	60 %
Average throughput time (working days)	2.8	3.7	4.5

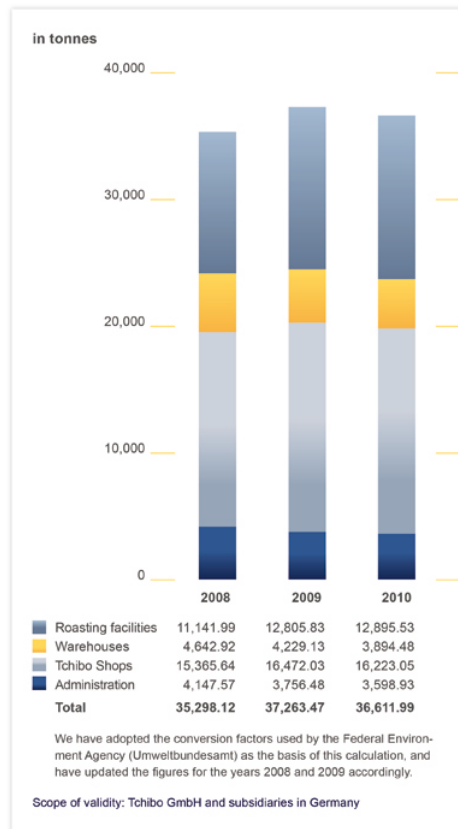
- The number of complaints has fallen from 285,000 in 2008 to 196,000 in 2010.
- At the same time, the proportion requiring repairs or the shipping of replacement parts has risen from 48 to 60 per cent. This means that the useful lives of products that were the subject of complaints have become longer and the proportion of scrapped defective products could be reduced thanks to the lower number of completely replaced products.
- The shift in the handling of complaints from replacement of the entire product towards repairs has led to rising complexity of tasks in the service centres, increasing average throughput times from 2.8 (2008) to 4.5 working days (2010).

Environment

CO₂ emissions resulting from Tchibo product shipping (2008-2010), not adjusted for quantity

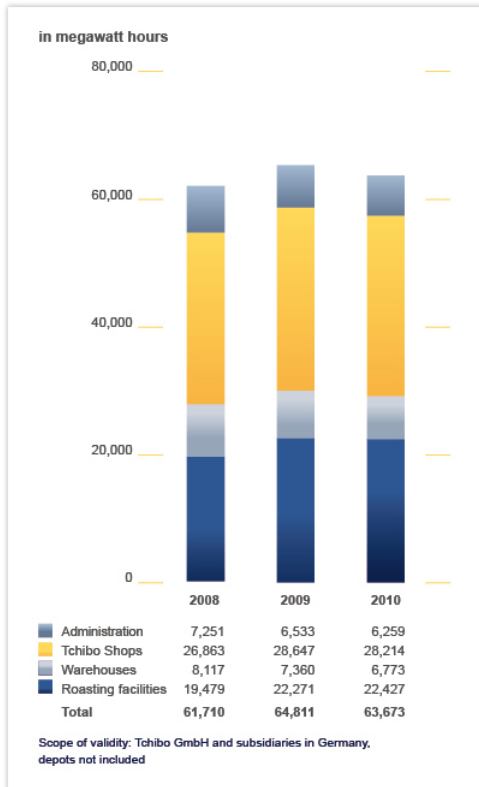


CO₂ emissions resulting from power consumption (2008-2010)*

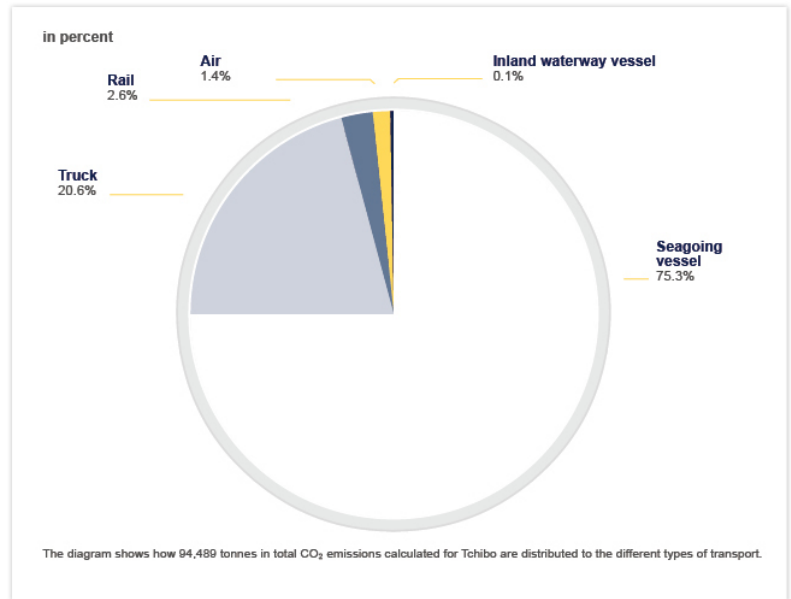


* Audited by PwC

Electricity purchased by Tchibo (2008-2010)*

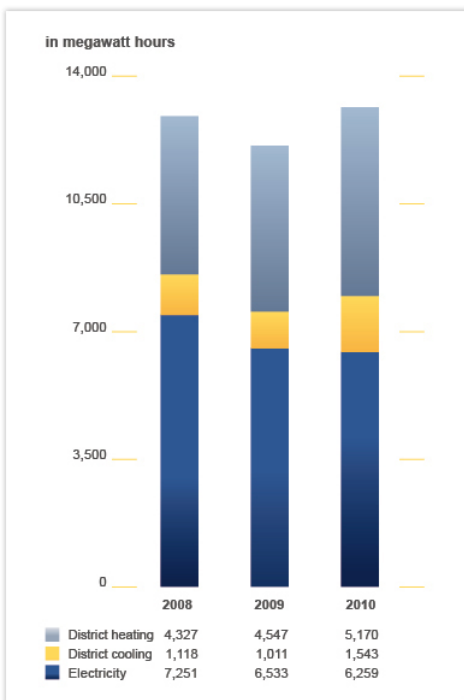


Percentage of CO₂ emissions for each mode of shipping resulting from the transport of Tchibo products (2010)

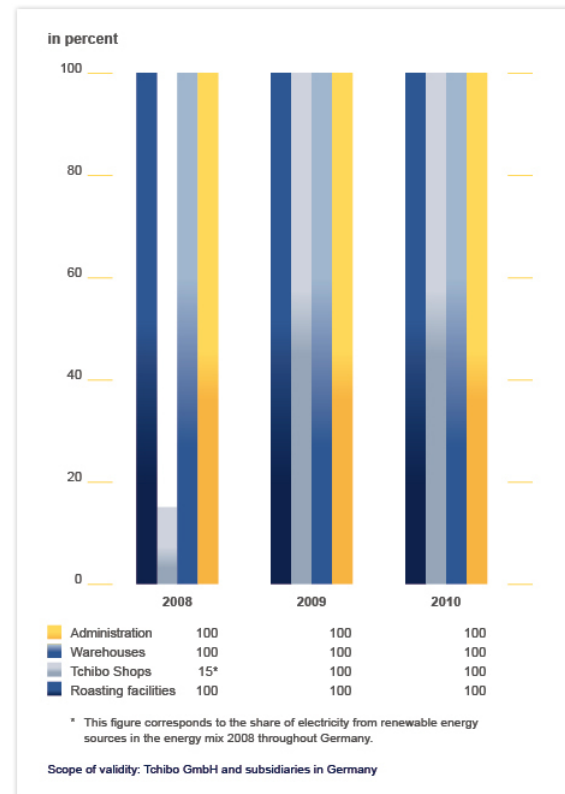


* Audited by PwC

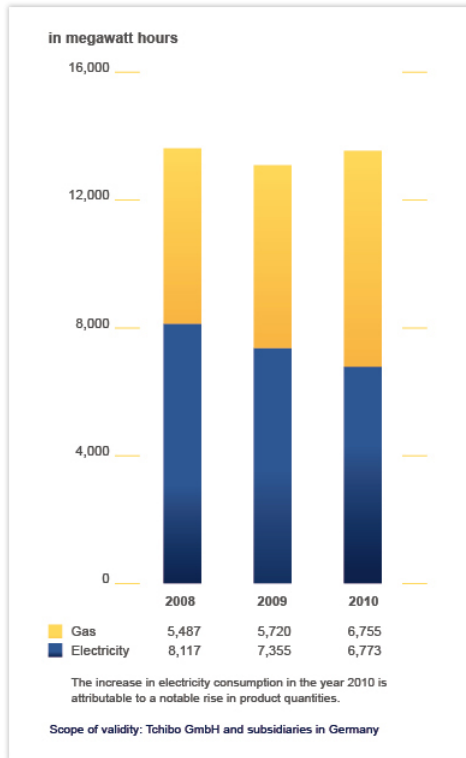
Energy consumption in Tchibo's central headquarters by energy source (2008-2010)



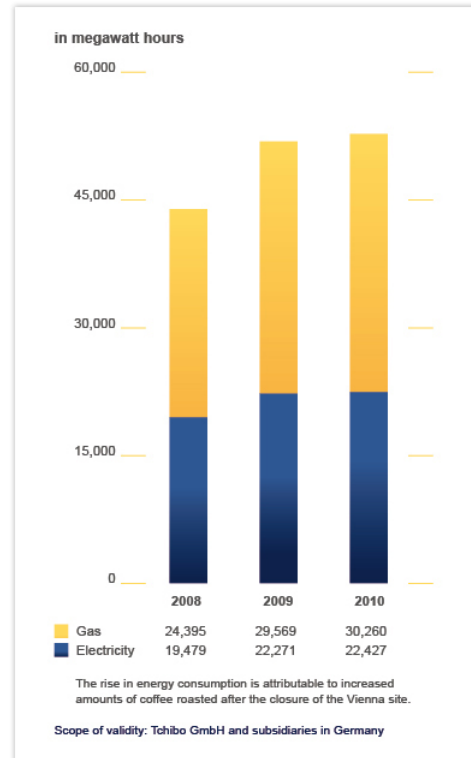
Electricity obtained from renewable energy sources (2008-2010)



Energy consumption in warehouses (2008-2010)

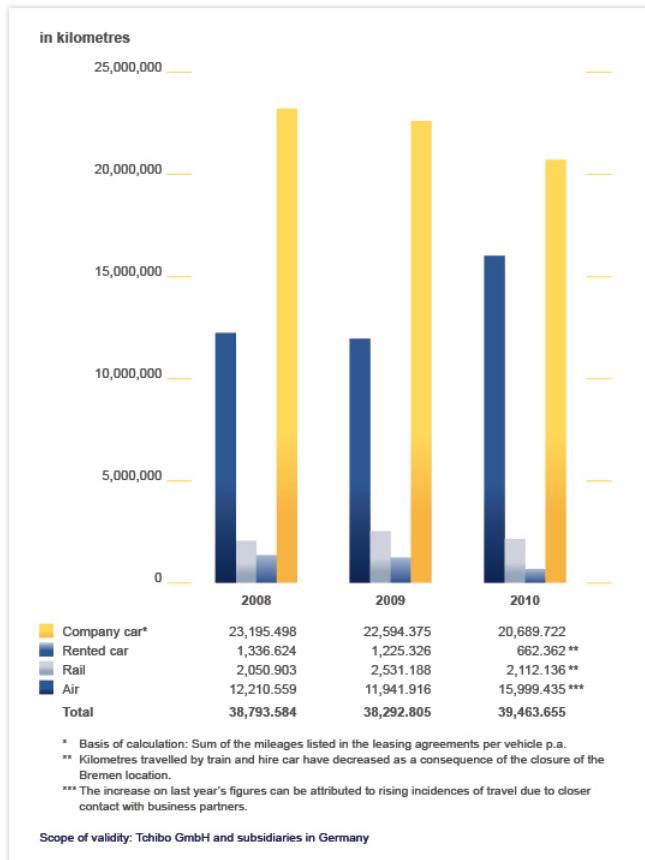


Energy consumption in roasting plants (2008-2010)*

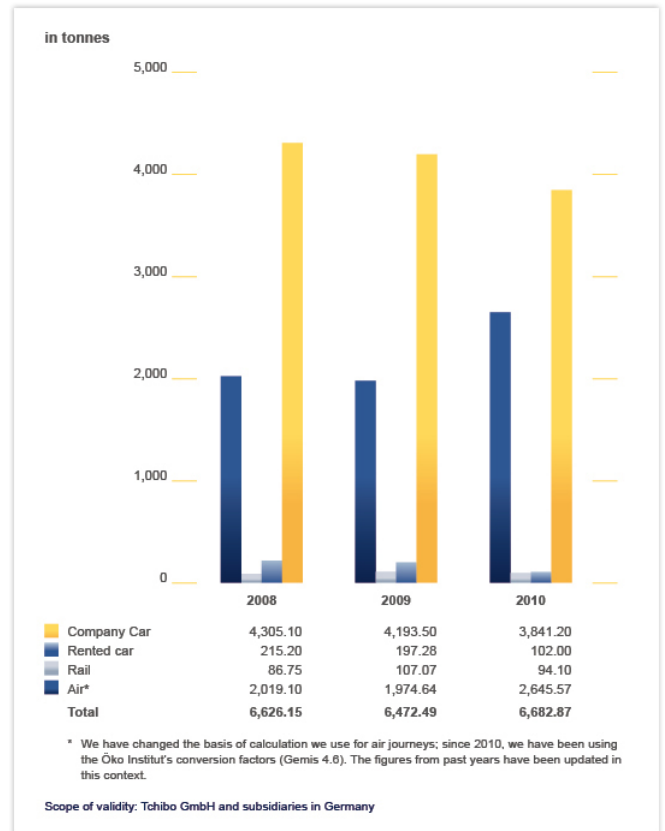


* Audited by PwC

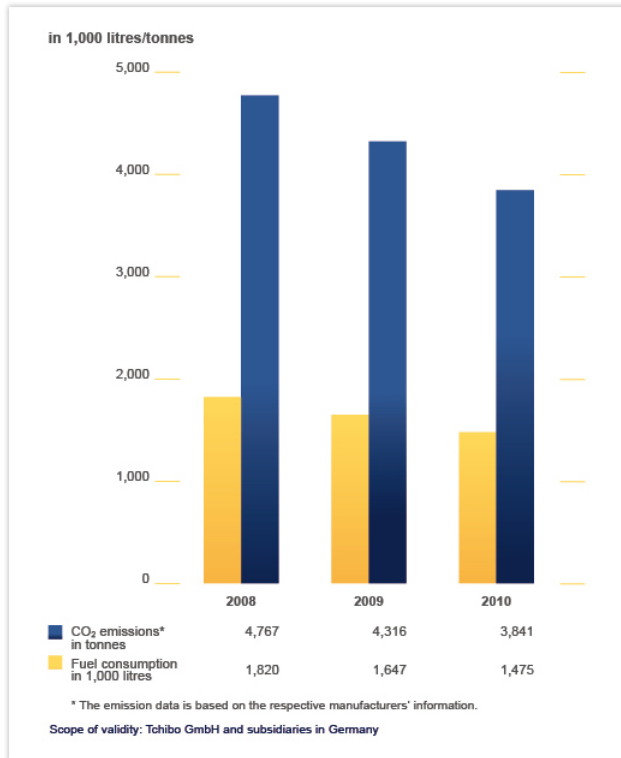
Total distance covered in business journeys (2008-2010)



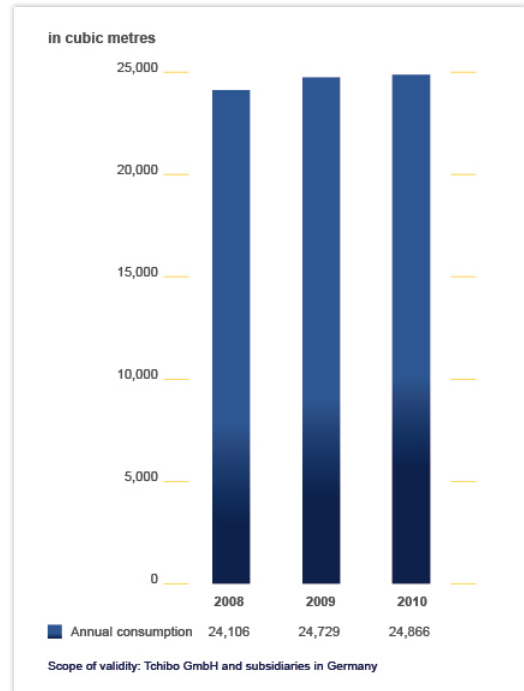
CO₂ emissions related to business travel (2008-2010)



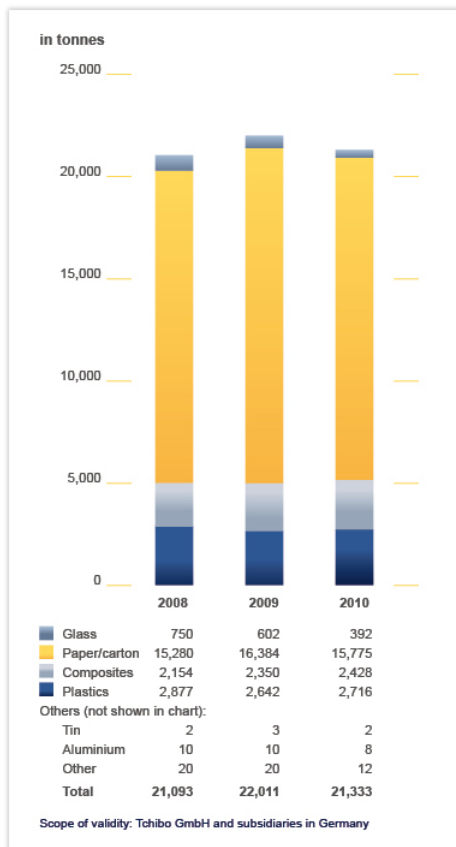
Fuel consumption of the Tchibo fleet and associated CO₂ emissions (2008-2010)



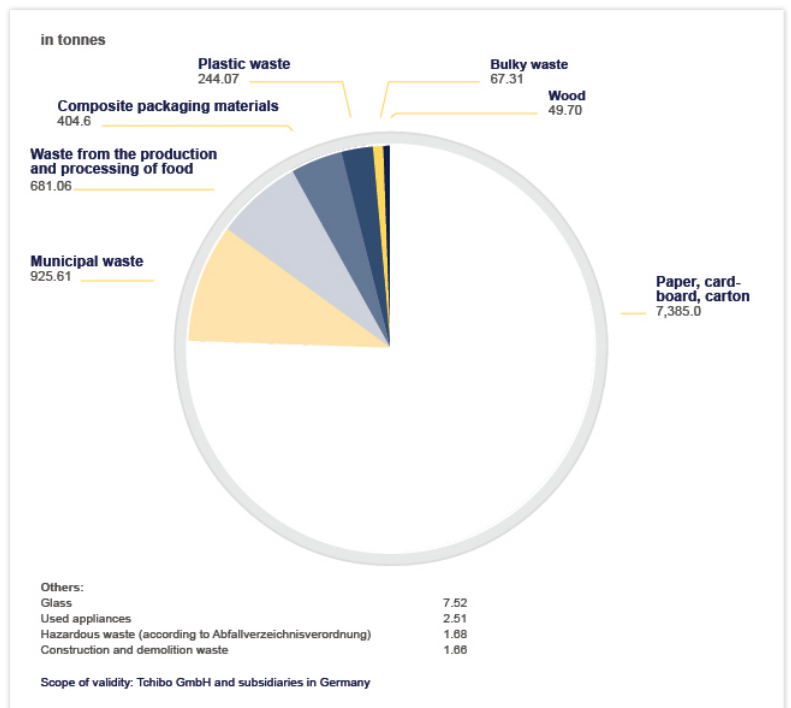
Water consumption at administration sites (2008-2010)



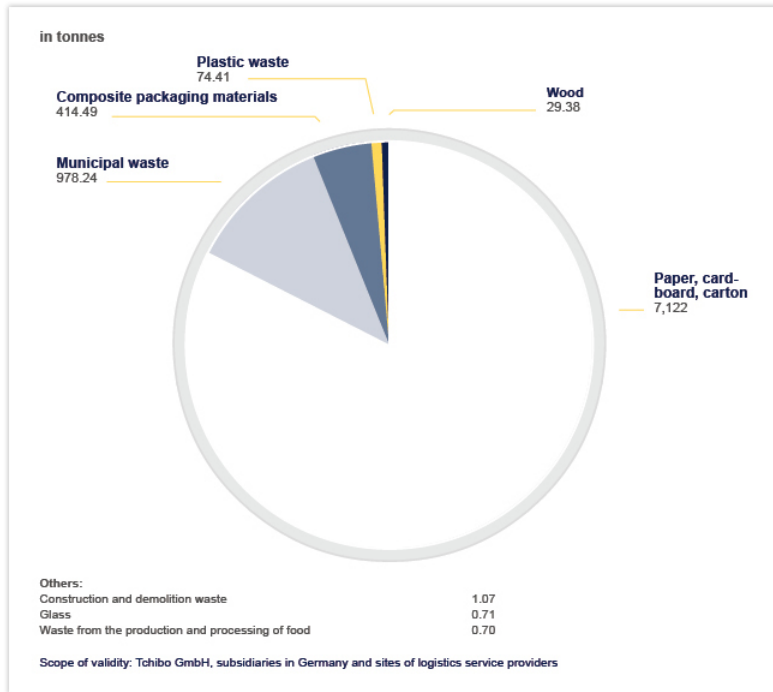
Packaging materials (2008-2010)



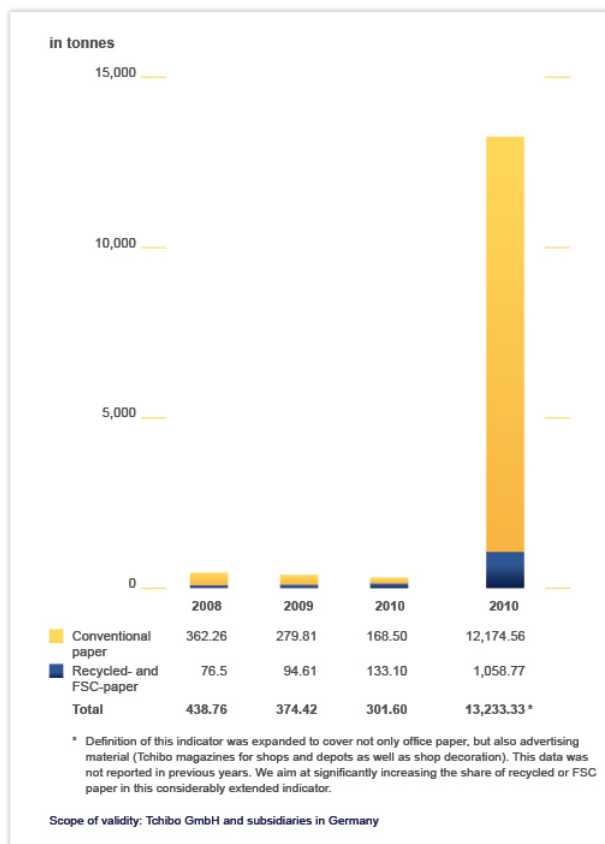
Waste at Tchibo locations (2010)



Waste at warehouse locations run by service providers (2010)



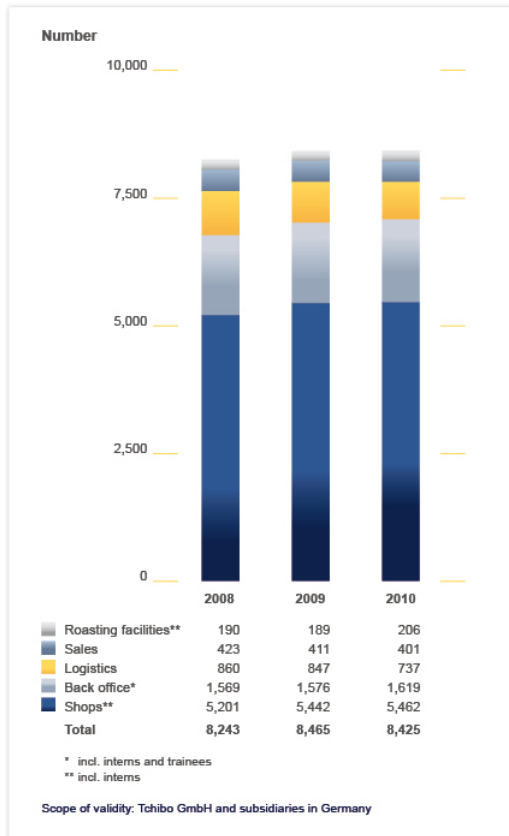
Use of paper at administrative and shop locations (2008-2010)



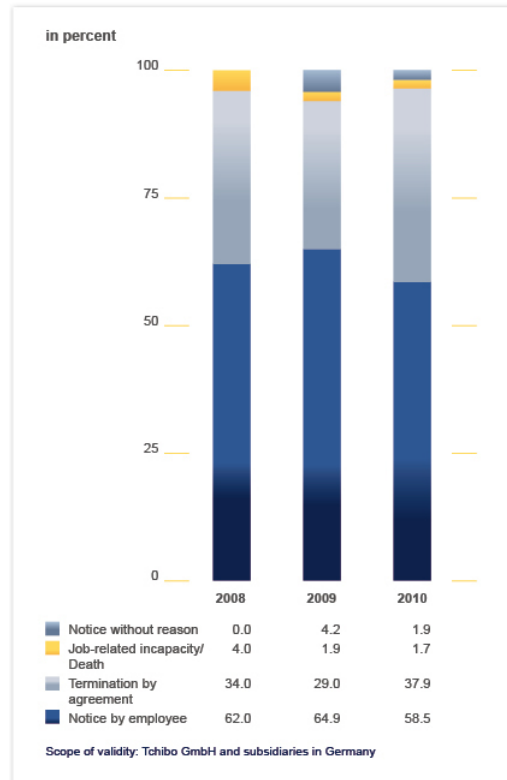
Employees

All key performance indicators in the Employees section refer to full-time and part-time work.

Employees by fields of activity (2008-2010)



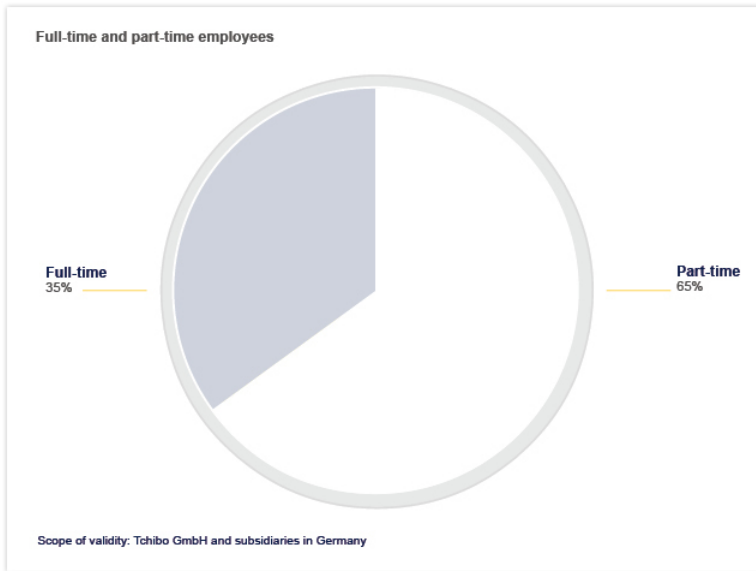
Staff turnover by reason for departure (2008-2010)



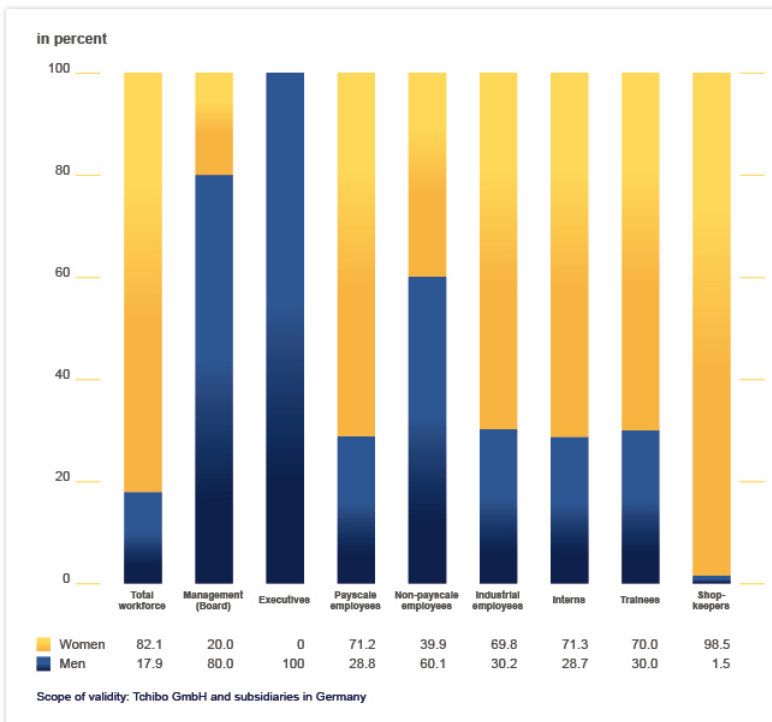
Turnover rate at Tchibo GmbH in Germany (2008-2010)

	2008	2009	2010
Total	9.5%	7.4%	9.7%
Women	8.6%	6.4%	9.2%
Men	13.1%	8.9%	12.0%

Employees by form of employment



Percentage of men and women (2010)



Overview of traineeships at Tchibo

Commercial traineeships:

- Bachelor of science in commercial information technology
- Bachelor of Arts in business studies, specialising in retail
- Bachelor Coffee Management
- Visual merchandiser
- Industrial manager
- Wholesale and foreign trade manager
- Management assistant in office communication
- Logistics and transport services manager

Technical traineeships and trades:

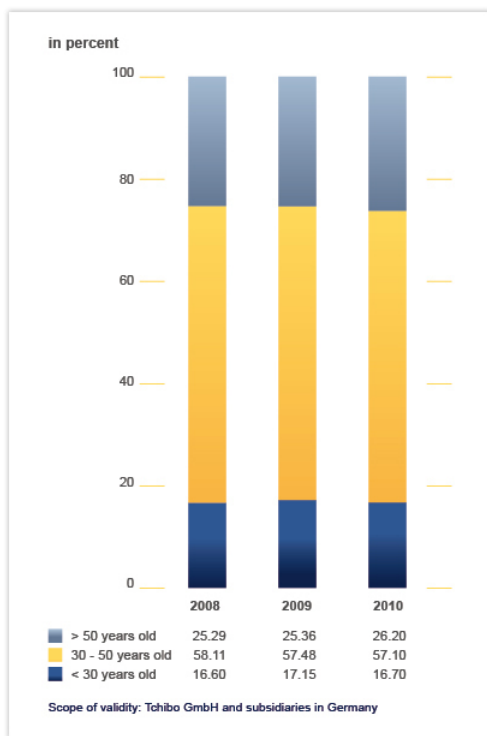
- Warehouse specialist
- Specialist in warehouse logistics
- Industrial mechanic
- IT system electronics technician
- Chef
- Mechanical engineer

Investment in training for Tchibo administrative and shop staff in Germany, Austria and Switzerland (2008-2010)

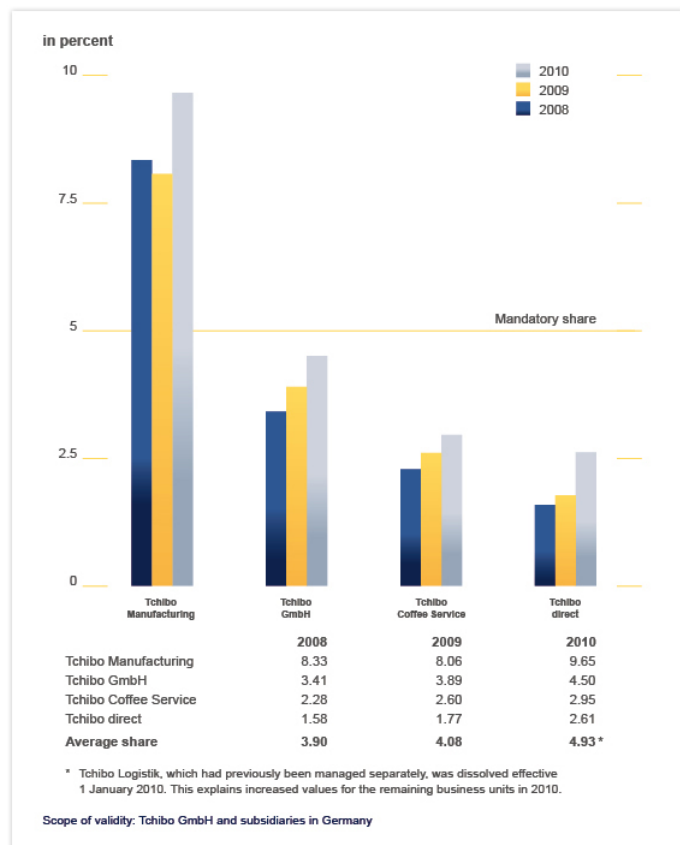
Year	Investment
2010	EUR 4,796,000
2009	EUR 4,814,000
2008	EUR 900,000

We adjusted our data collection systems in 2010 due to changes in internal requirements. This means that expenses for training and education hours in 2009 and 2010 can only be given as a total sum and cannot be shown per country. The 2008 figures refer to Germany only. This results in significantly higher figures for 2009 and 2010. However, we plan to revamp the existing controlling system for training and education in 2012, which will allow us to show costs per country.

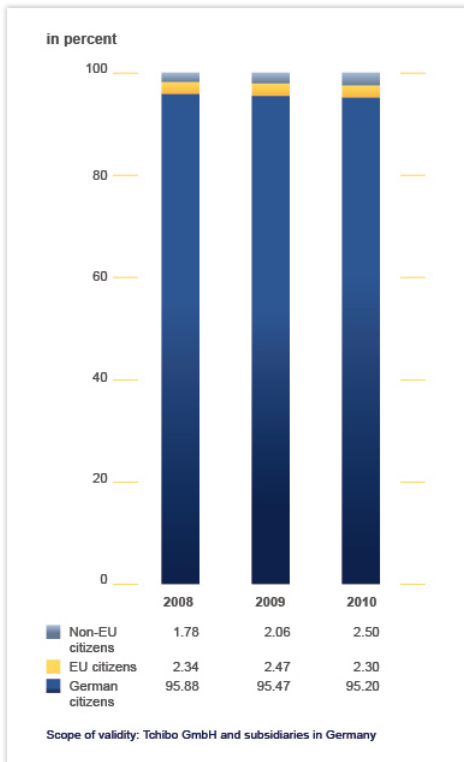
Age structure (2008-2010)



Employees with disabilities (2008-2010)



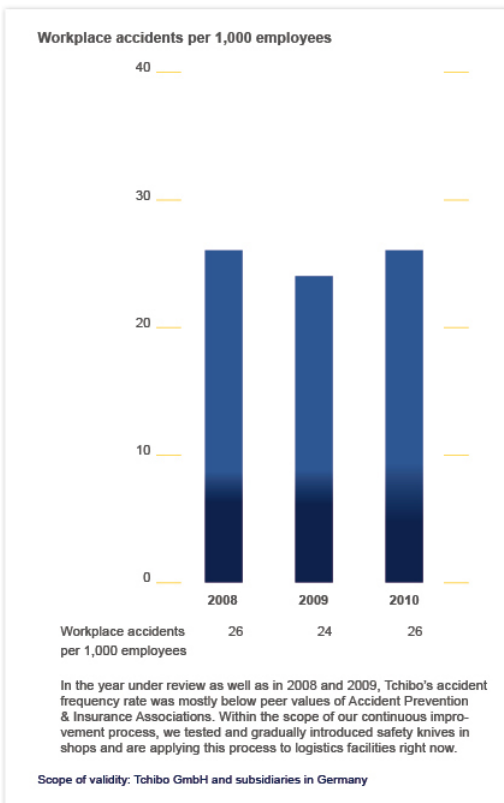
Nationalities at Tchibo (2008-2010)



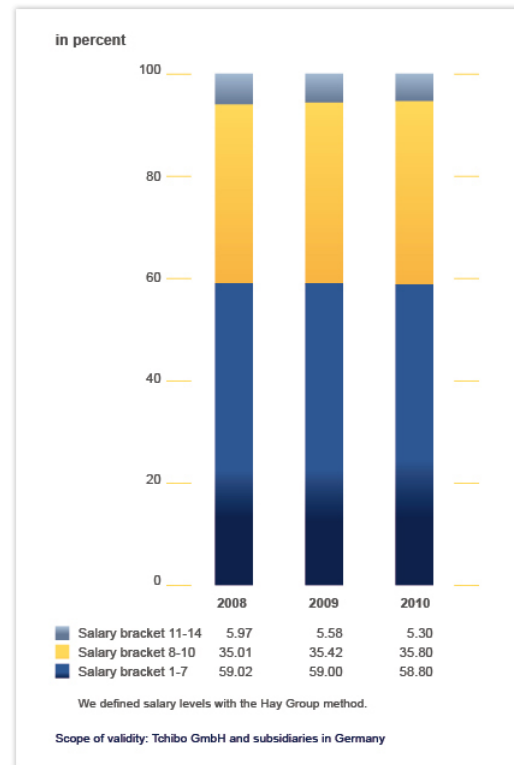
Nationalities at senior management level (2010)

In 2010, 85% of the Austrian and 50% of the Swiss national senior management team held citizenship in Austria and Switzerland, respectively. In Hungary, 75% of senior managers were Hungarian citizens. 100 per cent of senior managers held citizenship in their country of employment in Turkey, Poland, Romania and Slovakia. Czech managers made up 40% of the management team in the Czech Republic. In Russia, this figure stood at 67%.

Workplace accidents per 1,000 employees (2008-2010)



Distribution of salary levels at Tchibo (2008-2010)



Society

Donations to the "Schüler Helfen Leben" (Schoolchildren Help with Life) organisation (2008-2010)

	2008	2009	2010
Total donations (€)	800	800	950

GRI-Index

How Tchibo meets the GRI requirements.

Tchibo places high demands on its sustainability reporting. We respond to all 42 standard disclosures and all 79 indicators that form part of the Global Reporting Initiative. We also take into account the Food Processing Sector Supplement. If we are not (or not yet) able to deliver a piece of information required by GRI, we give our reasons.

Since 1997, the Global Reporting Initiative has been developing guidance for sustainability reporting that can be used worldwide, regardless of business sector or company size. The overall aim is to form a standardised presentation of an organisation's economic, environmental and social aspects.

GRI: Highest application level A+

The Global Reporting Initiative reviewed the 2010 Tchibo Sustainability Report in July 2011 and confirmed that we meet the highest application level, A+. This means that we cover all of the standard information and core indicators required by the GRI and provide background information and verifiable figures whenever required. The auditing company PricewaterhouseCoopers AG also reviewed the 2010 Tchibo Sustainability Report.

Statement GRI Application Level Check



Statement GRI Application Level Check

GRI hereby states that **Tchibo GmbH** has presented its report "Sustainability Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 12 August 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint circular watermark of the GRI logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Tchibo GmbH has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 7 July 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

The Remarks column links to the chapters and sections containing content relevant to the GRI indicators and management approaches. Please click on the links (underlined terms), to go directly to the content.

Strategy and analysis

Indicator		Tchibo's comments	Degree of compliance
1. Strategy and analysis			
1.1	Statement from the most senior decision-maker of the organization	CEO-Statement	fully met
1.2	Description of key impacts, risks, and opportunities	Challenges	fully met

Profile of the organisation

Indicator		Tchibo's comments	Degree of compliance
2. Organisational profile			
2.1	Name of the organization	Tchibo GmbH	fully met
2.2	Primary brands, products, and/or services	About Tchibo ; section "Business activities"	fully met
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	About Tchibo ; section "Company profile" maxingvest ag annual report 2010 , page 4	fully met
2.4	Location of organization's headquarters	Tchibo GmbH has its headquarters in Hamburg.	fully met
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	About Tchibo ; section "Markets"	fully met
2.6	Nature of ownership and legal form	About Tchibo ; section "Company profile" maxingvest ag annual report 2010 , page 26ff.	fully met
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	About Tchibo ; section "Markets"	fully met

Indicator		Tchibo's comments	Degree of compliance
2.8	Scale of the reporting organization	<p><u>About Tchibo maxingvest ag annual report 2010</u>, page 4, 5, 15, 26ff.</p> <p>Quantity of products Non Food: Due to our changing product phases we can not give an exact number of non food products. On average we offer 50-80 products per phase. Food: ca. 40 coffee products. Due to our regularly changing products like Rarities and Fresh Harvest as well as in year transpositions we can not give an exact figure.</p>	fully met
2.9	Significant changes during the reporting period regarding size, structure, or ownership	The integration of Tchibo Logistik GmbH in Tchibo GmbH, initiated in 2009, was completed during the reporting period. There were no other significant changes.	fully met
2.10	Awards received in the reporting period	<u>Prizes and awards</u>	fully met

Report parameters

Indicator		Tchibo's comments	Degree of compliance
3. Report Parameters			
Profile of the report			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	<u>About this report</u>	fully met
3.2	Date of most recent previous report (if any)	<u>About this report</u>	fully met
3.3	Reporting cycle (annual, biennial, etc.)	<u>About this report</u>	fully met
3.4	Contact point for questions regarding the report or its contents	<u>Contact</u>	fully met
Scope and limitations of the report			
3.5	Process for defining report content	<p><u>Strategic approach</u> <u>Fields of operation</u> <u>About this report</u></p>	fully met

Indicator		Tchibo's comments	Degree of compliance
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	About this report ; section "Timeframe and location"	fully met
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	No such limitations exist. About this report	fully met
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	About this report	fully met
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	About this report	fully met
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	No major changes have been made to the presentation of information since the last report.	fully met
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	About this report	fully met

Indicator		Tchibo's comments	Degree of compliance
3.12	Table identifying the location of the Standard Disclosures in the report	This table represents the requested information.	fully met
3.13	Policy and current practice with regard to seeking external assurance for the report	<u>Assurance statement</u>	fully met

Governance, obligations and commitment

Indicator		Tchibo's comments	Degree of compliance
4. Governance, commitments, and engagement			
Corporate Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	<u>Organisation maxingvest ag annual report 2010</u> , page 8ff., 26ff.	fully met
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	The Tchibo GmbH has a board of management, which is referred to as the "Vorstand" / Executive Board. For monitoring its business operations, Tchibo GmbH has a facultative supervisory board, whose composition reflects the equal representation demanded by the German Co-determination Act. In other words, of its twelve members, six represent the employees, and six the shareholders.	fully met
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	Not relevant, since there is a supervisory board, s. 4.2.	fully met
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Employees and shareholders representatives have equal representation on the supervisory board.	fully met

Indicator		Tchibo's comments	Degree of compliance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	Overall, compensation is determined by common market practice and, due to the integration of sustainability into the business strategy and into personal target-setting, also reflects social and ecological performance / achievements.	fully met
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Board members immediately disclose any emerging conflicts of interest to the supervisory board. Supervisory board members disclose any conflicts of interest due to consulting activities or board functions at other companies to the Shareholders' Meeting. <u>Compliance</u>	fully met
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	Supervisory board members must possess the expertise, skills and professional experience needed to fulfil the statutory requirements and their tasks.	fully met
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	<u>Compliance</u> <u>Code of Conduct</u>	fully met
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	<u>Organisation</u>	fully met

Indicator		Tchibo's comments	Degree of compliance
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Once a year, after the close of the business year, the performance of all governance bodies are measured against the agreed targets and their indicators. The Corporate Responsibility department is responsible for this. The governance bodies are informed of the results, and new goals are agreed.	fully met
Obligations to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	<u>Organisation</u> <u>Risk management</u>	fully met
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	<u>Stakeholders</u> <u>Memberships and cooperations</u>	fully met
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	<u>Stakeholders</u> <u>Memberships and cooperations</u>	fully met
Stakeholder involvement			
4.14	List of stakeholder groups engaged by the organization	<u>Stakeholders</u> ; chart "Tchibo's significant stakeholder groups"	fully met
4.15	Basis for identification and selection of stakeholders with whom to engage	<u>Stakeholders</u> ; section "Overview of the most important requirements of our stakeholders". Tchibo has been aligning its business activities with the core principles of corporate responsibility since 2006. The Corporate Responsibility department was founded and has since been strongly supporting the process of systematically restructuring business according to environmental and social criteria. The issue of sustainability was integrated into the corporate strategy and a	fully met

Indicator		Tchibo's comments	Degree of compliance
4.15		sustainability program was developed accordingly. During the process we not only defined fields of action that are relevant to Tchibo, but also identified key stakeholders and their expectations. We drew on these results to establish objectives and measures. Since 2006, we have been pursuing these goals and implementing activities - not all on our own, but actively working together with our stakeholders.	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	<u>Stakeholders</u> ; section "Overview of the most important requirements of our stakeholders"	fully met
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	<u>Stakeholders</u> ; section "Overview of the most important requirements of our stakeholders"	fully met

Economic performance indicators

Indicator		Tchibo's comments	Degree of compliance
Management Approach			
	Management Approach	<u>Strategic approach</u> <u>Organisation</u> <u>Goals</u>	fully met
Economic performance			
EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	<u>About Tchibo</u> <u>maxingvest ag annual report 2010</u> , page 57ff.	fully met

Indicator		Tchibo's comments	Degree of compliance
EC 2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	<p>Climate protection is one of the focuses of our sustainable development efforts. We cannot pinpoint the financial repercussions of climate change due to the complexity of the subject. Tchibo runs numerous projects and activities to support climate protection.</p> <p><u>Climate protection</u></p> <p><u>The environment and the climate (coffee)</u></p> <p><u>The environment (consumer goods)</u></p>	fully met
EC 3	Coverage of the organization's defined benefit plan obligations.	<u>Compensation and benefits</u>	fully met
EC 4	Significant financial assistance received from government.	We did not receive governmental financial contributions during the reporting period.	fully met
Market presence			
EC 5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	<p>Regular market comparisons ensure that our compensation structures are appropriate.</p> <p><u>Compensation and benefits</u></p>	fully met
EC 6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	<u>Responsibility in supply chains</u>	fully met
EC 7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	<p><u>Equal opportunities</u></p> <p>In 2010, 85 per cent of the Austrian and 50 per cent of the Swiss national senior management team were citizens of Austria and Switzerland, respectively. In Hungary, 75 per cent of senior managers were Hungarian citizens. 100 per cent of senior managers were citizens of their country of employment in Turkey, Poland, Romania and Slovakia. Czech managers made up 40 per cent of the management team in the Czech Republic. In Russia, this figure stood at 67 per cent.</p>	fully met

Indicator		Tchibo's comments	Degree of compliance
Indirect economic impacts			
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	<u>Society</u>	fully met
EC 9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Part of the aim of this report is to look at the indirect economic effects of our business activities. One example is our commitment to promoting the competitiveness of coffee farmers. <u>Measures at origin</u>	fully met

Environmental performance indicators

Indicator		Tchibo's comments	Degree of compliance
Management Approach			
Management Approach		<u>Environmental protection at Tchibo</u> <u>Organisation</u> <u>Goals</u>	fully met
Materials			
EN 1	Materials used by weight or volume.	Information on most important materials that we use at Tchibo can be found in the following sections: <u>Conserving resources</u> <u>Packaging</u> <u>Waste</u> We use milk and cream to prepare coffee specialties at our Coffee Bars. Some of our pastries, which we buy from renowned suppliers, contain chicken eggs.	fully met

Indicator		Tchibo's comments	Degree of compliance
EN 1		For data collection, we are committed to consistently and comprehensively recording, analysing and controlling sustainability-related data and work constantly to optimise our data acquisition processes. We are looking into the possibility of introducing an electronic data management system. The final decision is scheduled to take up to three years (until 2013), given that the introduction of such a system would incur high costs and require extensive process adjustments.	
EN 2	Percentage of materials used that are recycled input materials.	<u>Packaging</u> <u>Waste</u>	fully met
Energy			
EN 3	Direct energy consumption by primary energy source.	<u>Mobility</u> We have no data for Eastern Europe yet, but are working on a data collection process that is to be implemented by 2013.	fully met
EN 4	Indirect energy consumption by primary source.	<u>Energy consumption</u> 100% of our indirect energy consumed was generated from renewable sources. We have no data for Eastern Europe yet, but are working on a data collection process that is to be implemented by 2013.	fully met
EN 5	Energy saved due to conservation and efficiency improvements.	<u>Energy consumption</u> We have no data for Eastern Europe yet, but are working on a data collection process that is to be implemented by 2013.	fully met
EN 6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	<u>The environment and the climate (coffee)</u> <u>The environment (consumer goods)</u> <u>Sustainable consumption</u>	fully met

Indicator		Tchibo's comments	Degree of compliance
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved.	<p><u>The environment and the climate (coffee)</u></p> <p><u>The environment (consumer goods)</u></p> <p><u>Sustainable consumption</u></p> <p><u>Energy consumption</u></p> <p>We have no data for Eastern Europe yet, but are working on a data collection process that is to be implemented by 2013.</p>	fully met
Water			
EN 8	Total water withdrawal by source.	<p>This is a secondary issue at the Tchibo sites: here it is affected mainly by our employees' on-site water consumption. We have calculated this for our administrative sites and the warehouses we operate. We have no data on this for our roasting facilities and Tchibo shops.</p> <p><u>Water</u></p> <p>We have no data for Eastern Europe yet, but are working on a data collection process that is to be implemented by 2013.</p>	fully met
EN 9	Water sources significantly affected by withdrawal of water.	<p><u>Water</u></p> <p>We have no data for Eastern Europe yet, but are working on a data collection process that is to be implemented by 2013.</p>	fully met
EN 10	Percentage and total volume of water recycled and reused.	The water consumed by our employees at our sites and in coffee roasting is not suited for re-use, so this indicator is not relevant.	fully met
Biodiversity			
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	At our sites in Germany, Austria, Switzerland and Eastern Europe we have no significant impact on biodiversity, as our premises are neither in nor near protected areas (nature reserves) and waters.	fully met

Indicator		Tchibo's comments	Degree of compliance
EN 11		<p>We do, however, take the issue into account in our activities to increase the sustainability of our product value chain.</p> <p><u>Partners and standards (coffee)</u></p> <p><u>Sustainable consumption</u></p> <p><u>Biodiversity</u></p>	
EN 12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	<p>At our sites in Germany, Austria, Switzerland and Eastern Europe we have no significant impact on biodiversity, as our premises are neither in nor near protected areas (nature reserves) and waters.</p> <p>We do, however, take the issue into account in our activities to increase the sustainability of our product value chain.</p> <p><u>Partners and standards (coffee)</u></p> <p><u>Sustainable consumption</u></p> <p><u>Biodiversity</u></p>	fully met
EN 13	Habitats protected or restored.	<p>At our sites in Germany, Austria, Switzerland and Eastern Europe we have no significant impact on biodiversity, as our premises are neither in nor near protected areas (nature reserves) and waters.</p> <p>We do, however, take the issue into account in our activities to increase the sustainability of our product value chain.</p> <p><u>Partners and standards (coffee)</u></p> <p><u>Sustainable consumption</u></p> <p><u>Biodiversity</u></p>	fully met
EN 14	Strategies, current actions, and future plans for managing impacts on biodiversity.	<p>At our sites in Germany, Austria, Switzerland and Eastern Europe we have no significant impact on biodiversity, as our premises are neither in nor near protected areas (nature reserves) and waters.</p>	fully met

Indicator		Tchibo's comments	Degree of compliance
EN 14		<p>We do, however, take the issue into account in our activities to increase the sustainability of our product value chain.</p> <p><u>Partners and standards (coffee)</u></p> <p><u>Sustainable consumption</u></p> <p><u>Biodiversity</u></p>	
EN 15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	<p>At our sites in Germany, Austria, Switzerland and Eastern Europe we have no significant impact on biodiversity, as our premises are neither in nor near protected areas (nature reserves) and waters.</p> <p>We do, however, take the issue into account in our activities to increase the sustainability of our product value chain.</p> <p><u>Partners and standards (coffee)</u></p> <p><u>Sustainable consumption</u></p> <p><u>Biodiversity</u></p>	fully met
Emissions, effluents and waste			
EN 16	Total direct and indirect greenhouse gas emissions by weight.	<p><u>Transport</u></p> <p><u>Energy consumption</u></p> <p><u>Mobility</u></p> <p>We have no data for Eastern Europe yet, but are working on a data collection process that is to be implemented by 2013.</p>	fully met
EN 17	Other relevant indirect greenhouse gas emissions by weight.	Tchibo doesn't cause any GHG emissions other than those listed under EN 16, so this indicator is not relevant for Tchibo.	fully met
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	<p><u>Transport</u></p> <p><u>Energy consumption</u></p> <p><u>Mobility</u></p>	fully met

Indicator		Tchibo's comments	Degree of compliance
EN 18		We have no data for Eastern Europe yet, but are working on a data collection process that is to be implemented by 2013.	
EN 19	Emissions of ozone-depleting substances by weight.	Our Tchibo-operated sites in Germany generate no ozone-depleting substances.	fully met
EN 20	NOx, SOx, and other significant air emissions by type and weight.	Since we switched our roasting facilities in Germany to gas firing, Tchibo's sites no longer generate any relevant emissions of these substances. <u>Energy consumption</u>	fully met
EN 21	Total water discharge by quality and destination.	At our sites in Germany, Austria, Switzerland and Eastern Europe our business activities there is no significant discharge of wastewater. The wastewater discharged is in line with the community water supply at our sites.	fully met
EN 22	Total weight of waste by type and disposal method.	<u>Packaging</u> <u>Waste</u> We have no data for Eastern Europe yet, but are working on a data collection process that is to be implemented by 2013.	fully met
EN 23	Total number and volume of significant spills.	We have no knowledge of any significant spills.	fully met
EN 24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Tchibo does not import or export hazardous waste, as defined in the Waste Catalogue Ordinance.	fully met
EN 25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	At our sites in Germany, Austria, Switzerland and Eastern Europe we have no significant impact on water bodies, so this indicator is not relevant within the scope of the report.	fully met

Indicator	Tchibo's comments	Degree of compliance	
Products and services			
EN 26	<p>Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.</p>	<p><u>Strategic approach</u></p> <p><u>Partners and standards (coffee)</u></p> <p><u>Measures at origin (coffee)</u></p> <p><u>The environment and the climate (coffee)</u></p> <p><u>The environment (consumer goods)</u></p> <p><u>Sustainable consumption</u></p> <p>Amount and share in total volume of sustainably produced cotton during the reporting period:</p> <ul style="list-style-type: none"> - Organic cotton: 210 tonnes, equaling 0.5 per cent (5 products) - Cotton made in Africa: 1,282 tonnes, equalling 4.7 per cent (15 products) <p>We have no reliable data on the share of sustainably produced wood according to FSC or the internal FTS standard as of yet. However, we are planning to introduce a systemic data collection process in 2011.</p>	fully met
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category.	<u>Packaging</u>	fully met
Compliance			
EN 28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	During the reporting period there was no incidence of non-compliance with environmental laws and regulations.	fully met
Transport			
EN 29	Significant environmental impacts of transporting products and other goods and materials used for the	<p><u>Transport</u></p> <p><u>Mobility</u></p>	fully met

Indicator		Tchibo's comments	Degree of compliance
EN 29	organization's operations, and transporting members of the workforce.	We have no data for Eastern Europe yet, but are working on a data collection process that is to be implemented by 2013.	
Overall			
EN 30	Total environmental protection expenditures and investments by type.	We do not currently have comprehensive calculations of our environmental protection expenditures and investments. For data collection, we are committed to consistently and comprehensively recording, analysing and controlling sustainability-related data and work constantly to optimise our data acquisition processes. We are looking into the possibility of introducing an electronic data management system. The final decision is scheduled to take up to three years (until 2013), given that the introduction of such a system would incur high costs and require extensive process adjustments.	partially met

Social performance indicators: Work methods and quality of work

Indicator		Tchibo's comments	Degree of compliance
Management Approach			
Management Approach		<u>Employee benefits</u> <u>Responsibility in supply chains</u> <u>Organisation</u> <u>Goals</u> Management and the works council engage in regular dialogue, even exceeding legal requirements.	fully met
Employment			
LA 1	Total workforce by employment type, employment contract, and region.	<u>Employee benefits</u> <u>Work and family</u> <u>Equal opportunities</u>	fully met

Indicator		Tchibo's comments	Degree of compliance
LA 1		It is not possible to systematically collect the total number of temporary contracts out of our records. Momentarily, we are analysing the possibility to implement this survey option and we are planning to have a result until 2012.	
LA 2	Total number and rate of employee turnover by age group, gender, and region.	The turnover rate at Tchibo GmbH in Germany was 9.7% in 2010 (7.4% in 2009). The rate among women was 9.2% in 2010 (6.4% in 2009), and 12% among men (8.9% in 2009). We didn't break this information down further by age group and region, as we feel that this information doesn't represent a significant added value for understanding Tchibo's sustainability performance. Currently, a further breakdown of the turnover rate is technically not possible. <u>Corporate culture</u>	fully met
LA 3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	We do not distinguish between full-time and temporary- or part-time when it comes to voluntary benefits provided to employees, nor by operations/sites. In Eastern Europe, we are currently drawing up a catalogue of company benefits. <u>Compensation and benefits</u>	fully met
Labor/management relations			
LA 4	Percentage of employees covered by collective bargaining agreements. Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	At Tchibo GmbH in Germany and Austria, 100% of all employees are under collective wage agreements. Also, all employees at the subsidiary that represents Tchibo in Romania are covered by in-house regulations that can be seen as equivalent to a collective wage agreement. In the other international subsidiaries in Switzerland, in Russia, Hungary, Poland, in Turkey, the Czech Republic and Slovakia, none of the employees are under collective agreements. <u>Worker participation and input</u>	fully met

Indicator		Tchibo's comments	Degree of compliance
LA 5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	At Tchibo, employee participation takes place on the basis of existing laws. The most important body here is the works council, which is in constant, trustful interaction with the management. This is also and especially true for economic decisions regarding the development and future of the company and its jobs. <u>Worker participation and input</u>	fully met
Occupational health and safety			
LA 6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	At Tchibo 100% of the workforce in Germany is represented in health and safety committees. In Austria, the formation of a health and safety committee is not required because there are fewer than 100 employees. There is no health and safety committee in Switzerland and in the Czech Republic, either. A health and safety officer has been appointed for Hungary, Poland, Turkey, Slovakia and Romania, in accordance with current laws. In Russia, we comply with all legal requirements.	fully met
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	There were no work-related fatalities during the reporting period. We do not yet have exact figures on lost days, injuries etc. from Eastern Europe. However, we are working on a data collection process that is to be implemented by 2013. <u>Health and safety</u>	fully met
LA 8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	<u>Health and safety</u>	fully met
LA 9	Health and safety topics covered in formal agreements with trade unions.	Occupational health and safety are regulated by law in Germany and are implemented by Tchibo according to the requirements. In addition, company agreements and/or	fully met

Indicator		Tchibo's comments	Degree of compliance
LA 9		<p>organisational guidelines on health and safety topics are drawn up in coordination with the works council. We will be expanding these guidelines to all other Tchibo companies in other countries as well. Health and safety is a central component of the national sustainability programmes, which we are currently setting up. We will report on our progress in this area after we have implemented these programmes.</p> <p><u>International</u></p> <p><u>Health and safety</u></p>	
Training and education			
LA 10	Average hours of training per year per employee by employee category.	<u>Training and development</u>	fully met
LA 11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	<u>Training and development</u>	fully met
LA 12	Percentage of employees receiving regular performance and career development reviews.	<u>Training and development</u>	fully met
Diversity and equal opportunity			
LA 13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	<u>Equal opportunities</u>	fully met
LA 14	Ratio of basic salary of men to women by employee category.	Employees at Tchibo are paid strictly according to performance-based criteria as set out in the job requirements, not by gender. For this reason, we do not publish any	fully met

Indicator		Tchibo's comments	Degree of compliance
LA 14		<p>this reason, we do not publish any figures for this indicator. Because of this, a systemic evaluation of the ratio between the salaries of employees is not possible.</p> <p><u>Compensation and benefits</u></p>	

Social performance indicators: Human rights

Indicator		Tchibo's comments	Degree of compliance
Management Approach			
Management Approach		<p><u>Responsibility in supply chains</u></p> <p><u>Strategy and goals</u></p>	fully met
Investment and procurement practices			
HR 1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	<p><u>Coffee</u></p> <p><u>Consumer goods</u></p> <p><u>Key performance indicators; section "Supply chain"</u></p>	fully met
HR 2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	<p><u>Coffee</u></p> <p><u>Consumer goods</u></p> <p><u>Key performance indicators; section "Supply chain"</u></p>	fully met
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	<p>Training in our Code of Conduct, which bindingly upholds human rights, is completed as part of ongoing cooperation with individual departments, which is coordinated by Corporate Responsibility. The Code of Conduct is also an integral part of each and every employment contract.</p> <p><u>Compliance</u></p>	fully met

Indicator	Tchibo's comments	Degree of compliance	
Non-discrimination			
HR 4	Total number of incidents of discrimination and actions taken.	There were no incidents of discrimination during the reporting period. <u>Compliance</u>	fully met
Freedom of association and collective bargaining			
HR 5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	<u>Worker participation and input</u> <u>Audits</u>	fully met
Child labor			
HR 6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	<u>Audits</u>	fully met
Forced and compulsory labor			
HR 7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	<u>Audits</u>	fully met
Security practices			
HR 8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	The Tchibo Code of Conduct is incorporated in all contracts with temporary employment agencies. These agencies commit themselves in writing to comply with the principles enshrined in the Tchibo Code of Conduct and inform their employees accordingly. This applies to our security personnel in particular.	fully met
Indigenous rights			
HR 9	Total number of incidents of violations involving rights of indigenous people and actions taken.	We have no knowledge of such incidents.	fully met

Social performance Indicators: Society

Indicator		Tchibo's comments	Degree of compliance
Management Approach			
Management Approach		<u>Strategy and goals</u> <u>Responsible business practices</u>	fully met
Community			
SO 1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	<u>Strategy and goals</u> <u>Stakeholders</u> <u>Engagement with Society</u>	fully met
Corruption			
SO 2	Percentage and total number of business units analyzed for risks related to corruption	As part of the risk assessment performed by the Internal Audit team at maxingvest ag, all business units are continuously monitored for corruption risks. <u>Compliance</u> <u>Risk management</u>	fully met
SO 3	Percentage of employees trained in organization's anti-corruption policies and procedures	The prohibition of corruption is part of our binding Code of Conduct for all employees. It has been communicated to every employee and is also an element of the training and coaching programme for all employees. <u>Compliance</u>	fully met
SO 4	Actions taken in response to incidents of corruption	There were no incidents reported to the ombudsperson's office during the 2010 business year. <u>Compliance</u>	fully met
Public policy			
SO 5	Public policy positions and participation in public policy development and lobbying	We participate in public policy development and lobbying through our memberships. <u>Stakeholders</u> <u>Memberships and cooperations</u>	fully met

indicators		Tchibo's comments	Degree of compliance
SO 6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	During the reporting period no financial and in-kind contributions were made to political parties, politicians or related institutions.	fully met
Anti-competitive behavior			
SO 7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Legal proceedings in the wake of antitrust investigations initiated in 2009 have not been concluded yet.	fully met
Compliance			
SO 8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	During the reporting period, no significant fines or non-monetary sanctions were imposed on Tchibo.	fully met

Social performance Indicators: Product responsibility

Indicator	Tchibo's comments	Degree of compliance	
Management Approach			
Management Approach	For our customers Responsibility in supply chains Strategy and goals	fully met	
Customer health and safety			
PR 1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. Challenges Quality and safety www.tchibo-qualitaet.de (from the end of 2011 www.tchibo.com)	fully met	
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health	There was one product recall and two incidents of sales suspension during the reporting period.	fully met

Indicator		Tchibo's comments	Degree of compliance
PR 2	and safety impacts of products and services during their life cycle, by type of outcomes.		
Product and service labelling			
PR 3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	The statutory requirements for our products are posted on our website www.tchibo-qualitaet.de (from the end of 2011 www.tchibo.com).	fully met
PR 4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	There were no such incidents at Tchibo during the reporting period.	fully met
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	<u>Customer orientation</u>	fully met
Marketing communications			
PR 6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	<u>Advertising</u>	fully met
PR 7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	There were no such incidents at Tchibo during the reporting period.	fully met
Customer privacy			
PR 8	Total number of substantiated complaints regarding	No significant fines were imposed during the reporting period.	fully met

Indicator		Tchibo's comments	Degree of compliance
PR 8	breaches of customer privacy and losses of customer data.		
Compliance			
PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No significant fines were imposed during the reporting period.	fully met

Food Processing Sector Supplement

Indicator		Tchibo's comments	Degree of compliance
FP 1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	<u>Coffee</u> <u>Key performance indicators;</u> section "Supply chain"	fully met
FP 2	Percentage of purchased volume which is verified as being accordance with credible, internationally recognized responsible production standards, broken down by standard	<u>Coffee</u> <u>Key performance indicators;</u> section "Supply chain"	fully met
Labor/Management Relations			
FP 3	Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country	There were no strikes at Tchibo during the reporting period.	fully met
Healthy and Affordable Food			
FP 4	Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious	<u>Health and safety</u>	fully met

Indicator		Tchibo's comments	Degree of compliance
	and affordable food; and improved welfare for communities in need		
Customer Health and Safety			
FP 5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	Our German roasting plants are certified under the International Food Standard (IFS).	fully met
FP 6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	Approximately 100 of our 840 shops have coffee machines with two milk containers. Here, we use low fat milk (1.5 per cent) to prepare our coffee specialties upon request from our customers. In 2010, we offered a range of dietary products and dietary supplements during three themed weeks. The portfolio was developed exclusively for Tchibo in cooperation with dietary experts at Lake Even. The product range included a low sugar chocolate bar.	fully met
FP 7	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	In 2010, we offered a range of dietary products and dietary supplements during three themed weeks. The portfolio was developed exclusively for Tchibo, in cooperation with dietary experts at Lake Even. The product range included a chocolate bar with increased protein content. We also offered a dietary meal enriched with fibres.	fully met
Product and Service Labeling			
FP 8	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements	We comply with all legal obligations to disclose ingredients. Upon request, our staff informs customers about the ingredients and nutritional values of all beverages and pastries sold in our shops.	fully met

Indicator		Tchibo's comments	Degree of compliance
Breeding and Genetics			
FP 9	Percentage and total of animals raised and/or processed, by species and breed type	Tchibo does not produce or sell meat or fish products. This indicator therefore does not apply to Tchibo.	fully met
Animal Husbandry			
FP 10	Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic	<p>We source conventional long-life milk, powdered milk and cream for our Coffee Bars. We are looking into the possibility of shifting to organic milk for use in our Coffee Bars, analysing purchase prices and available quantities. So far, this option was not profitable for Tchibo.</p> <p>The pastries sold in our shops, which Tchibo sources from external suppliers, also contain animal products such as eggs.</p> <p>Apart from referring to legal requirements, we cannot make any statement on animal feed and veterinary drugs used at our suppliers' production facilities.</p>	fully met
FP 11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type	Tchibo does not produce or sell meat or fish products. This indicator therefore does not apply to Tchibo.	fully met
FP 12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	<p>We source conventional long-life milk, powdered milk and cream for our Coffee Bars. We are looking into the possibility of shifting to organic milk for use in our Coffee Bars, analysing purchase prices and available quantities. So far, this option was not profitable for Tchibo.</p> <p>The pastries sold in our shops, which Tchibo sources from external suppliers, also contain animal products such as eggs.</p> <p>Apart from referring to legal requirements, we cannot make any statement on animal feed and veterinary drugs used at our suppliers' production facilities.</p>	fully met

Indicator		Tchibo's comments	Degree of compliance
FP 13	Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals	Tchibo does not produce or sell meat or fish products. This indicator therefore does not apply to Tchibo.	fully met

UN Global Compact

Communication on Progress (CoP) 2010 for UN Global Compact

How Tchibo fulfils the principles of the UN Global Compact.

Tchibo joined the Global Compact initiative of the United Nations (UN) on 18 November 2009. The company is committed to the ten principles of the UN Global Compact concerning human rights, labour standards, environmental protection and anti-corruption and is dedicated to implementing them in all business processes. We uphold a reliable and sustainable corporate policy. Our CEO, Dr. Markus Conrad, emphasises this approach in his foreword to our 2010 Sustainability Report.

Since its foundation in the year 2000, the UN Global Compact has been an international leadership network for business, government, labour and civil society with a common goal: to make sure the ten UN Global Compact principles are implemented in day-to-day business and to enforce broader UN goals, including the Millennium Development Goals. The UN Global Compact principles are based on:

- the Universal Declaration of Human Rights,
- the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and
- the United Nations Convention Against Corruption

This Communication on Progress (CoP) gives detailed insight into how Tchibo implements the UN Global Compact principles in its policies and management systems and what goals we are pursuing. The first CoP was published in November 2010. The second CoP is based on the 2010 Tchibo Sustainability Report. The table below lists links to the relevant pages of the online report. The next CoP publication is scheduled for the fourth quarter of 2012.

UN Global Compact Principles	Relevant content
<p>Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights</p> <p>Principle 2 Businesses should make sure they are not complicit in human rights abuses</p>	<ul style="list-style-type: none"> • Human rights in the supply chain • Code of conduct for Tchibo staff and for suppliers • Occupational safety as well as Health and Safety at Tchibo • Memberships in initiatives to protect human right

	<ul style="list-style-type: none"> • Progress and status of objectives on <u>training and dialog concerning human rights as well as occupational safety</u>
<p>Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<ul style="list-style-type: none"> • Protection of the freedom of association and the right to collective bargaining in the <u>supply chain</u> • <u>Collective bargaining for Tchibo staff</u> • <u>Co-determination</u> at Tchibo
<p>Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour</p> <p>Principle 5 Businesses should uphold the effective abolition of child labour</p>	<ul style="list-style-type: none"> • Dedication to <u>eliminate all forms of forced and compulsory labour as well as child labour</u> • Monitoring <u>social standards</u> in the supply chain for consumer goods • Determination of international labour standards in the code of conduct for <u>Tchibo staff</u> and for <u>suppliers</u>
<p>Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation</p>	<ul style="list-style-type: none"> • Dedication to <u>eliminate discrimination</u> in respect of employment and occupation in the supply chain • <u>Local hiring</u> at Tchibo • <u>Performance-related wages, equal treatment</u> of Tchibo staff and <u>rate of employee turnover</u> at Tchibo • No <u>incidents of discrimination</u> occurred at Tchibo in the reporting period
<p>Principle 7 Businesses should support a precautionary approach to environmental challenges</p>	<ul style="list-style-type: none"> • <u>Corporate environmental protection, climate protection and biodiversity</u> at Tchibo • <u>Progress</u> on corporate environmental protection • Environmental protection in the supply chain for <u>coffee</u> and <u>consumer goods</u>
<p>Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9 Businesses should encourage the development and diffusion of environmentally-friendly technologies</p>	<ul style="list-style-type: none"> • <u>Sustainable products and climate-friendly products</u> at Tchibo • Raising <u>suppliers'</u> and <u>customers'</u> awareness of sustainability for coffee and consumer goods • <u>Saving energy and efficiently using materials in day-to-day work</u> at Tchibo • <u>Memberships and cooperations</u> regarding the environment • Progress in <u>sensitising customers and in sustainability</u>
<p>Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery</p>	<ul style="list-style-type: none"> • Corruption in <u>risk assessment</u> for all business units • Anti-corruption as part of <u>the code of conduct</u> for all Tchibo staff members. There were <u>no instances of corruption</u> during the reporting period

Memberships and cooperations



Shaping society's development

How Tchibo promotes sustainability issues as a member in various organisations and together with strong partners.

Initiating change often requires collaboration with other stakeholders. Our company is committed to efficiently promoting sustainability issues. Therefore, Tchibo stays intensively engaged with all relevant social stakeholders, is a member of various bodies and closely interacts with strong cooperation partners.





Entering into dialogue with other retail companies, experts, NGOs, government bodies and development organisations is essential to shifting the focus on sustainability issues and advancing these topics at the international level. This is why representatives of our Corporate Responsibility Department take part in conferences, forums and round tables. In addition, Tchibo is a member of various bodies to work on establishing environmentally and socially responsible business practices. Together with cooperation partners from trade, politics, science and civil society, we implement specific projects that we would not be able to realise alone. The following table provides an overview of our current memberships in and cooperations with organisations, which are included in alphabetical order.

Our memberships:





	Organisation and objective	Year joined
	<p>Foreign Trade Association of the German Retail Trade (AVE) / Foreign Trade Association (FTA)</p> <p>The Foreign Trade Association represents the interests of retailers who import directly into Germany and Europe. FTA is the European umbrella organisation.</p>	2009
	<p>German Environmental Management Association (B.A.U.M.)</p> <p>BAUM is a politically independent, private-sector environmental initiative. Its objective is to make companies, institutions, government and people more aware of the problems and opportunities of environmental protection and issues of sustainable development.</p>	2008

	Organisation and objective	Year joined
	<p>Common Code for the Coffee Community (4C) Association</p> <p>The 4C Association is a global association of coffee producers, trade, industry and other members from various areas of society. Its aim is to improve social, environmental and economic conditions for those whose livelihoods depend on working with coffee.</p>	<p>2004; founding member</p>
	<p>Cotton made in Africa (CmiA) of Aid by Trade Foundation</p> <p>The Aid by Trade Foundation, together with various partners from trade, politics, science and civil society, contributes to the fight against poverty and for environmental protection in developing countries, particularly in Africa. The Foundation has initiated CmiA: The project's ambitious aim is to support the environmentally and socially responsible as well as economically viable cultivation of cotton in Africa, thereby making this cotton internationally competitive.</p>	<p>2007; member of Advisory Committee on the 'Cotton made in Africa' project</p>
	<p>German Coffee Association</p> <p>The German Coffee Association is the lobby of the German coffee industry. With 102 member companies and 32 supporting members, the organisation represents the entire range of interests in the sector.</p>	<p>1951</p>
	<p>Ethical Trading Initiative (ETI)</p> <p>ETI was formed by companies, trade unions and voluntary organisations in 1998 to jointly specify and disseminate best practices for putting codes of labour practice into action. By joining forces, ETI strives to advance compliance with international labour standards and respect for human rights throughout the supply chain and collectively tackle those issues that cannot be addressed by individual companies working alone. Tchibo is involved in working groups for supplier development, living wages and the freedom to join unions.</p>	<p>2010</p>
	<p>Forest Stewardship Council (FSC)</p> <p>FSC is a non-profit organisation that works to promote sustainable forest management. An FSC certificate for wood or paper products marks items from sustainably managed forests.</p>	<p>2010</p>



	Organisation and objective	Year joined
	<p>German Retail Federation (HDE), HDE Environmental Committee and CSR Working Group</p> <p>HDE is the umbrella organisation for German retailers. It represents the concerns and interests of the retail industry in all sectors, at all locations and for all company sizes.</p>	<p>1974 (formerly ALF)</p>
	<p>Global Compact</p> <p>The Global Compact is the corporate social responsibility network of the United Nations. Around 8,000 companies worldwide are gathered under the Global Compact umbrella. They voluntarily commit to adhering to ten principles related to human rights, labour standards, environmental protection and fight against corruption, and to integrate them into their business processes.</p>	<p>2009</p>
	<p>Initiative for Paper Recycling (IPR)</p> <p>The IPR is an initiative of companies in various industries. The IPR's aim is to increase the acceptance of recycled paper (bearing the Blue Environment Angel seal) and to lead by example. Important partners are the Federal Ministry for the Environment, the German Foundation for the Environment (DBU), as well as consumer and environmental organisations such as the National Consumer Advice Centre (vzbv) and the Nature and Biodiversity Conservation Union (NABU).</p>	<p>2008</p>
	<p>Institute for Scientific Information on Coffee (ISIC)</p> <p>The non-profit organisation ISIC was founded in 1990 and is committed to scientifically researching coffee and its effects on health.</p>	<p>1998</p>
	<p>International Coffee Partners (ICP)</p> <p>ICP is an international initiative in private industry. It helps coffee smallholders and their families in developing countries to increase their competitiveness in the international coffee market, while also improving their living conditions and protecting natural resources.</p>	<p>2001; founding member</p>
	<p>MFA Forum Bangladesh Buyers Group</p> <p>The MFA Forum is an international network of around 70 representatives from different social groups. Its aim is to develop specific solutions for economic and social problems and challenges in developing countries. International retail</p>	<p>2007</p>

	Organisation and objective	Year joined
	<p>companies work together in the Bangladesh Buyers Group to establish social standards in the supply chain, focusing on issues such as raising legally defined minimum wages to cover the cost of living, the freedom to join unions and compliance with international human rights.</p>	
	<p>Textile Exchange Textile Exchange is a non-profit organisation that primarily works to promote the cultivation of organic cotton and consumer demand for it. Its long-term aim is to increase the market share of organic cotton to 50% worldwide.</p>	2008
	<p>Round Table on Codes of Conduct Companies, trade associations, trade unions, NGOs and Federal Ministries are represented at the Round Table on Codes of Conduct. Its aim is to assert social standards in developing countries.</p>	2007
	<p>Social Accountability International (SAI) Social Accountability International (SAI) works to promote labour rights and social standards all over the world. The Social Management and Certification System developed by SAI, with its internationally applicable social standard SA 8000 and its Training and Verification Programme (Corporate Involvement Programme CIP), is designed to help companies in developing and industrialised countries implement social standards on a long-lasting basis.</p>	2006, member of Advisory Board
	<p>Sustainable Agriculture Initiative (SAI) Platform The Sustainable Agriculture Initiative (SAI) Platform is an initiative of the food industry in 25 member companies. Its aim is to support the worldwide development of and dialogue about sustainable agriculture, preferably involving all relevant stakeholders in the food chain.</p>	2005

Our cooperation partners:

	Partner	Start of the partnership
 <p>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung</p>	<p>German Federal Ministry for Economic Cooperation and Development (BMZ) and German Society for International Cooperation (GIZ)</p> <p>In September 2007, Tchibo initiated the World-wide Enhancement of Social Quality (WE) project in cooperation with GIZ and BMZ. This programme aims to create enduring improvements in social standards in production plants in Asia. WE relies on dialogue between managers and employees in production plants as well as between retail companies and suppliers.</p>	<p>2007</p>
	<p>ECOM trading group</p> <p>The ECOM Coffee group, with a 60-year history, is a globally operating trade and export organisation which is committed to establishing and extending robust partnerships worldwide. Its focus is on supplying customers with high-quality products according to their individual needs.</p>	<p>2009</p>
	<p>Fairtrade</p> <p>Together with Fairtrade we are involved with Fairtrade smallholder farmers in the coffee sector. In this way Tchibo takes on responsibility and contributes to improving farmers' living and working conditions. The independent Fairtrade certification assures our customers that products bearing the seal meet international standards for fair trade. Tchibo has held a licence since 2008.</p>	<p>2008</p>
	<p>Institute for Market, Environment and Society (imug)</p> <p>Tchibo cooperates with the Institute for Market, Environment and Society (imug) in the field of consumer protection. imug is a University of Hannover spin-off that specialises in surveys and company evaluations in the areas of sustainability and consumer protection. As required, imug will examine selected Tchibo offers to make sure they are in line with consumer protection guidelines before they are introduced to the market.</p>	<p>2007</p>

Our cooperation partners:

	Partner	Start of the partnership
	<p>Platform for Climate Compatible Consumption Germany</p> <p>Tchibo is a corporate partner of the Platform for Climate Compatible Consumption Germany, a follow-up of the German Product Carbon Footprint project. Germany's Öko-Institut e.V., the Potsdam Centre for Climate Impact Research (PIK) and THEMA1 coordinate the platform. The project provides companies with a reliable framework for calculating and reporting product and consumption-specific CO₂ emissions and the opportunity to contribute to promoting climate compatible consumption.</p>	<p>2010</p>
	<p>Rainforest Alliance</p> <p>The Rainforest Alliance Alliance Certified™ seal stands for a safe place for people and our environment. The Rainforest Alliance is committed to advancing environmentally friendly use of land and socially responsible management. This includes protecting animals and plants as well as providing appropriate living and working conditions for the local population. Tchibo has held a licence since 2006.</p>	<p>2006</p>

Prizes and awards

Award-winning

Where Tchibo excelled in 2010.

Tchibo is well positioned in many respects, be it in terms of occupational health and safety, education and training, or family-friendliness. The prizes and awards we received in 2010 confirmed that we are on the right track. These rewards for our efforts encourage us to keep doing what we are doing – and spur us on to keep making improvements.

These prizes and awards were presented to Tchibo during the reporting period:

- **Tchibo recognised as most trusted brand**
Tchibo received the Most Trusted Brand Award 2010 in the Coffee & Tea category. German consumers rated brands in terms of quality, image and price/performance ratio as part of the annual study conducted by Reader's Digest magazine.
- **Award for occupational health and safety**
The Hamburg-based occupational health and safety authority (AfA) confirmed that Tchibo is an "organisation with an excellent occupational health and safety system" in July 2010. Evaluation criteria focused on the continuous integration of occupational health and safety issues into corporate organisation and business processes, as well as their further development.
- **Certification through audit berufundfamilie**
In August 2010, Tchibo was acknowledged as a family-friendly company. audit berufundfamilie, conducted by the non-profit Hertie Foundation, confirmed that Tchibo set great store by the reconciliation of family and career.
- **Acknowledgement of dual training programme**
The Schwerin Chamber of Industry and Commerce gave credit to Tchibo GmbH for its excellent performance in dual training, presenting the company with the "2011 Excellent Company for Trainees" award.
- **Tchibo among the top employers**
Tchibo reached 97th place in the employee satisfaction survey carried out by Great Place to Work® and was named one of "Germany's Best Employers 2011". 319 companies took part in the study, which assesses each company's appeal as an employer.
- **Number 1 in multi-unit catering in Austria**
Tchibo/Eduscho took first place in a survey on multi-unit catering carried out by the Austrian market research institute Marketagent.com. The online questionnaire took into account expertise, friendly staff, price/performance ratio, product quality and cleanliness.
- **Tchibo Polen recognised for "green" office building**
The Environmental Partnership Foundation presented Tchibo Poland with the Green Office Certificate for its Warsaw office building. The certificate is awarded according to the results of independent audits, which verify compliance with environmental standards. Tchibo Poland also received other prizes and awards, including Superbrand 2010, Reputable Company, Godło Jakości Obsługi 2010 and Hit of the Year.

Assurance statement

Assurance statement

How the sustainability report was audited.

Bescheinigung über eine unabhängige betriebswirtschaftliche Prüfung¹

Unser Prüfungsauftrag erstreckt sich auf die deutsche Fassung der CR-Berichterstattung. Daten, auf die aus den Webseiten heraus verwiesen oder verlinkt wird, waren nicht Gegenstand unserer Prüfung.

An die Tchibo GmbH, Hamburg

Wir haben eine betriebswirtschaftliche Prüfung zur Erlangung einer begrenzten Sicherheit ausgewählter Bereiche der "Corporate Responsibility" - (CR-)Berichterstattung 2010 der Tchibo GmbH, Hamburg, durchgeführt. Die CR-Berichterstattung erscheint als Onlineversion unter www.tchibo-nachhaltigkeit.de.

Unsere Prüfung bezog sich auftragsgemäß auf die Webseiten in der Rubrik Nachhaltigkeitsmanagement, Verantwortung in Lieferketten, Für unsere Kunden, Umweltschutz bei Tchibo, Leistungen für Mitarbeiter, Gesellschaftliches Engagement sowie Daten & Fakten (kurz: "CR-Report Webseiten"). Die durch uns geprüften Angaben sind mit einem "*" sowie dem Erklärtext "*Geprüft durch PwC" gekennzeichnet.

Verantwortung der gesetzlichen Vertreter

Die Aufstellung der CR-Berichterstattung unter Beachtung der in den Sustainability Reporting Guidelines Vol. 3 (S. 7 bis 17) der Global Reporting Initiative (GRI) genannten Kriterien

- Wesentlichkeit,
- Einbezug von Stakeholdern,
- Nachhaltigkeitskontext,
- Vollständigkeit,
- Ausgewogenheit,
- Klarheit,
- Genauigkeit,
- Aktualität,
- Vergleichbarkeit und
- Zuverlässigkeit.

liegt in der Verantwortung des Vorstands der Tchibo GmbH. Diese Verantwortung umfasst auch die Konzeption, Implementierung und Aufrechterhaltung von Systemen und Prozessen, soweit sie für die Erstellung der CR-Berichterstattung von Bedeutung sind, sowie die Auswahl und Anwendung angemessener Methoden zur Erstellung der CR-Berichterstattung.

Verantwortung des Wirtschaftsprüfers

Unsere Aufgabe ist es, auf Grundlage der von uns durchgeführten Tätigkeiten eine Beurteilung darüber abzugeben, ob uns Sachverhalte bekannt geworden sind, die uns zu der Annahme veranlassen, dass die CR-Report Webseiten in wesentlichen Belangen nicht in Übereinstimmung mit den oben genannten Kriterien der Sustainability Reporting Guidelines Vol. 3 der GRI aufgestellt worden sind. Darüber hinaus wurden wir beauftragt, auf Basis der Ergebnisse unserer Tätigkeiten Empfehlungen zur Weiterentwicklung des CR-Managements und der CR-Berichterstattung auszusprechen.

Wir haben unsere betriebswirtschaftliche Prüfung unter Beachtung des International Standard on Assurance Engagements (ISAE) 3000 vorgenommen. Danach haben wir die Berufspflichten einzuhalten und den Auftrag so zu planen und durchzuführen, dass wir unsere Beurteilung mit einer begrenzten Sicherheit abgeben können.

¹

Unser Prüfungsauftrag erstreckt sich auf die deutsche Fassung der CR-Berichterstattung. Daten, auf die aus den Webseiten heraus verwiesen oder verlinkt wird, waren nicht Gegenstand unserer Prüfung

Bei einer betriebswirtschaftlichen Prüfung zur Erlangung einer begrenzten Sicherheit sind die durchgeführten Prüfungshandlungen im Vergleich zu einer betriebswirtschaftlichen Prüfung zur Erlangung einer hinreichenden Sicherheit weniger umfangreich, sodass dementsprechend eine geringere Sicherheit gewonnen wird.

Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Wirtschaftsprüfers. Im Rahmen unserer betriebswirtschaftlichen Prüfung haben wir unter anderem folgende Tätigkeiten durchgeführt:

- Befragung von Verantwortlichen der für die Erstellung des CR-Berichts zuständigen zentralen Abteilung Corporate Responsibility über den konzernweiten Prozess zur Erstellung der CR-Berichterstattung 2010 und über das auf diesen Prozess bezogene interne Kontrollsystem.
- Befragung von Mitarbeitern der Fachabteilungen, die die Themenfelder CR Management, Stakeholder Management, Einkauf Kaffee, Umwelt, Nachhaltigkeit in der Supply Chain, Personalbereich sowie Kundenservice verantworten oder diesen angehören.
- Einsichtnahme in Unterlagen zur Beschreibung des CR-Management Ansatzes sowie des CR-Programms.
- Nachvollzug der Prozesse zur Wesentlichkeitsanalyse und zur Themenfindung für die CR-Berichterstattung 2010.
- Einsichtnahme in die Vorgaben zu ausgewählten CR-Kennzahlen sowie die Dokumentation der Anforderungen zur konzernweiten Erhebung, Analyse und Aggregation der CR-Kennzahlen sowie deren stichprobenartige Überprüfung.
- Beurteilung der Konsistenz der auf den CR-Management Webseiten getätigten Aussagen mit den im Rahmen unserer Tätigkeiten gewonnenen Erkenntnissen.

Urteil

Auf der Grundlage unserer betriebswirtschaftlichen Prüfung zur Erlangung einer begrenzten Sicherheit sind uns keine Sachverhalte bekannt geworden, die uns zu der Annahme veranlassen, dass die "CR-Management-Webseiten" und die ausgewählten Angaben auf den "CR-Performance Webseiten", in wesentlichen Belangen nicht in Übereinstimmung mit den Kriterien der Sustainability Reporting Guidelines Vol. 3 der GRI aufgestellt worden sind.

Ergänzender Hinweis - Empfehlungen

Ohne das oben dargestellte Urteil unserer Prüfung einzuschränken, sprechen wir folgende Empfehlungen zur Weiterentwicklung des CR-Managements und der CR-Berichterstattung aus:

- Die Analyse zur Bestimmung von wesentlichen Themen ("Materialitätsanalyse") sollte regelmäßig durchgeführt werden.
- Das Stakeholder Management sollte systematisch weiter entwickelt werden.
- Die Erweiterung des Scopes des Nachhaltigkeitsreporting sollte weiter voran getrieben werden.
- Der Reporting-Prozess sollte stärker formalisiert und weiter in die Organisation integriert werden.

Hamburg, 5. September 2011

**PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft**

Andreas Bröcher

ppa. Kai Michael Beckmann

Frequently asked questions

Questions we often hear at Tchibo.

This document contains some of the most common questions that stakeholders ask us about the issue of sustainability.

1. What does sustainability mean at Tchibo and how is the issue anchored in the company's thinking?

Sustainability is a core aspect of our business strategy. In our day-to-day business, we check our activities from the point of view of ecological and social responsibility, and we optimise these activities if we need to. This approach is not limited to a single market or country. We have set a clear target for ourselves: to holistically and sustainably develop our company, all of our products and all of our important processes. To achieve this, we have created a management system with clearly defined objectives and responsibilities. Exchanging information with all relevant stakeholder groups in society is also part of our sustainability planning – this applies in particular to issues that we would not be able to tackle on our own.

2. Who are Tchibo's partners in sustainability?

It is often impossible to effect change if you're on your own. Tchibo is therefore involved in an in-depth dialogue on sustainability issues with suitable, socially involved stakeholders and works hand in hand with very capable cooperation partners. Representatives from our Corporate Responsibility Department travel to conferences and take part in discussions and round-table talks associated with the topic. In addition, Tchibo is a member of several different committees and bodies so it can also make a contribution towards developing a legal framework that encourages social and ecological responsibility in business practices. Our partners in this process come from all walks of life – business, politics, academia and society at large – and we also work with them to put well thought-out projects into place that we would not be able to manage on our own.

3. From which countries does Tchibo obtain its products?

At Tchibo, we work with suppliers from around the world to provide our customers with the very finest coffees and a wide range of consumer goods. When it comes to coffee products, most of our suppliers are farmers from what is known as the coffee belt around the Equator. In Latin America, the most important of these countries are Brazil, Colombia, Peru, Honduras and Guatemala. In Eastern Africa, our main source markets are Tanzania, Kenya and Ethiopia, and in Asia, Vietnam, Papua New Guinea and India are home to the major coffee producers that we do business with.

For our consumer goods, we work with manufacturers in Asia, and our most important producers are from China, Bangladesh, Vietnam, India and Turkey.

This global division of labour offers immense opportunities to all participants, but only if people and the environment do not end up footing the bill for progress. Tchibo therefore works with its strong partners to ensure that social and environmental standards are adhered to along the entire supply chain, both for our consumer goods and for our coffee products.

4. How does Tchibo work towards establishing and protecting fair working conditions at its suppliers' production sites?

We have created a solid foundation for our efforts to establish and protect fair working conditions by drafting a code of conduct that is obligatory for all of our business partners – be they suppliers, our suppliers' producers or any subcontractors involved in our business. This foundation is our Social Code of Conduct (SCoC), which incorporates internationally recognised core labour standards as defined by the International Labour Organization (ILO), and which uses the UN's Universal Declaration of Human Rights as a touchstone. Our Code of

Conduct is part of every supplier's contract and is therefore binding for any company from which we obtain consumer goods, no matter where it is in the world. These regulations represent the basic requirements that we expect of our business partners. If the labour and social laws of a particular market are stricter than what is outlined in the SCoC, these more comprehensive national laws are valid on their own. In addition, regular independent checks give us and our suppliers an overview of how things stand with the guidelines' implementation.

5. How does Tchibo make sure that customer data is protected?

Tchibo deploys a wide variety of methods to make sure that any personal information supplied by our customers is protected from misuse. Our measures include a comprehensive data protection management system, regular employee training courses, updates for our data protection regulations and the use of our own in-house Code of Conduct, which ensures that every single one of our employees is committed to data protection. Tchibo has also inspected all of the company's advertising activities to check for flaws pertaining to data protection, and we have modified our advertising to bring it in line with new requirements. For example, our newsletter marketing activities now incorporate a double opt-in system: all customers have to give their approval twice if they want to receive the Tchibo Newsletter.

6. How does Tchibo guarantee its products' quality?

At Tchibo, this issue doesn't just apply to the product that our customers hold in their hands at the end of the production and supply process - to us, quality is something we take a holistic view of, and we believe that it is important for every stage of production. For our coffees, this means that Tchibo pays extreme attention to every single step, from the selection of coffee beans at source to their transport, roasting and subsequent packaging. To live up to its own expectations, Tchibo has created a Food Guideline, an extensive set of rules that regulates the quality of our raw and roasted coffee beans and which applies in every single country and to all our sales channels.

Our quality promise also applies to the entire consumer goods supply chain, covering all phases from design to environmentally compatible disposal. All supplier contracts contain binding social and environmental quality requirements, and all product series are extensively tested for safety, stability and appropriate material properties. In addition to our own extensive monitoring, independent certified testing institutes carry out comprehensive safety reviews and tests for harmful substances.

7. Which sustainable products does Tchibo offer and how can customers identify these products?

Various seals and labels help our customers to easily identify sustainable products included in our portfolio. By way of example, in the coffee sector we cooperate with the standards organisations Rainforest Alliance and Fairtrade as well as the organisations supporting the organic seal according to the EU regulations on organic farming. We also work with organisations such as Cotton made in Africa, Textile Exchange and the Forest Stewardship Council (FSC®) for our business with consumer goods.

8. What does Tchibo do to promote climate protection?

Tchibo draws on various options to protect the climate. We want to deal with the causes of climate change and concentrate our efforts on taking measures in the fields under our direct control: transport, energy consumption, fleet and business travel.

As a partner of the LOTOS (Logistics towards Sustainability) project we work to minimise carbon emissions related to the transport of goods. We rely on collective transport to optimise the use of truck capacities, we have our ships travel at reduced speed, thus reducing fuel consumption, and maintain a constant share of goods transported by train.

Tchibo also tries to reduce our energy consumption to counterbalance the causes of climate change. Measures taken include green electricity, energy-saving low temperature catalytic converters in the Hamburg roastery or energy-saving LED lighting of our shops and administrative buildings. In 2010, we started preparing our sites for the introduction of energy management systems (EMS). These systems will work as windows to our consumption levels and identify specific ways we can save energy.

We aim to minimise our fleet's carbon footprint. Consistently, we have already replaced 258 out of 516 vehicles in our sales fleet with more economic vehicles.

9. Why is Tchibo a top employer?

As a family-owned company, we set great store by the satisfaction of our staff. We want our employees to feel at home in their job and stay healthy and motivated. We foster the Tchibo staff's identification and solidarity with our company by maintaining our corporate culture, promoting an open and honest dialogue between all levels of the hierarchy and encouraging employees to get involved in shaping our company through varied channels. We are dedicated to promoting reconciliation of family and career, invest in safe and healthy workplaces and attach great importance to the education and further training of our employees. Diversity is another important factor in modern companies: Our diverse workforce is a true asset to our company. Tchibo takes a firm stand against discrimination. Providing equal opportunities also means paying appropriate, consistent and comparable compensation to our staff. We also offer our employees a comprehensive package of voluntary social benefits and company pension.

10. How does Tchibo engage with society?

Tchibo gets involved in shaping society through "help them to help themselves" projects in the countries where we source our products as well as through engagement with social projects in our neighbourhoods.

In the countries where we source our products we work to promote education and training, helping to build schools, setting up childcare services, etc. By way of example, Tchibo has initiated a schools project in Benin together with the Aid by Trade Foundation, the German Society for International Cooperation (GIZ), the German Investment and Development Organisation (DEG) and other organisations. Benin is one of the countries where cotton for our consumer goods is produced. In 2010 alone, we were able to supply school books and provide about 10,000 children with school uniforms. We also laid the foundations for the first of seven new school buildings. In Guatemala, Tchibo cooperates with local educational institutions to offer age-appropriate care and education as well as meals for the children of coffee farmers and itinerant workers.

Tchibo will continuously expand its community involvement to the benefit of people in the neighbourhoods of our sites, far beyond the countries where we source our products. Tchibo donates coffee products to local social welfare organisations - a means of proving the company a good neighbour. We also contribute to the RED NOSES donation campaign, take part in the Social Day, engage with the SeitenWechsel® project and get involved in the Corporate Volunteering Programme at Tchibo Poland.

A

Aftersales - The term aftersales refers to technical and commercial services which customers can obtain after a purchase if needed (customer service). These could include maintenance and repair services.

Asia Floor Wage (AFW) - The Asia Floor Wage (AFW) Campaign is an association of over 70 unions and labour rights organisations, mostly from Asia. Together, they pursue the aim of calculating and implementing a minimum living wage for countries that export textiles. The calculation takes regional differences in the cost of living into account and includes every necessary expense that a household or family has to pay. These include expenditure on food, rent, clothing, pension contributions, childcare and education. The basic wage calculated in this way is intended to provide a basis on which wages can be negotiated.

Aid by Trade Foundation - The Aid by Trade Foundation works with various partners from industry, politics, science and research, and civil society to contribute to fighting poverty and protecting the environment in developing countries, especially in Africa.

4C Association/4C standard - The Common Code for the Coffee Community Association (4C) is a global association of coffee producers, retailers, industry and further members from various areas of society. The association is committed to a continuous process of improving social, environmental and economic conditions for people whose livelihoods depend on work involving coffee. The 4C standard includes 30 social, environmental and economic principles for those involved along the raw coffee supply chain.

atmosfair - Founded in 2005 as a non-profit limited liability company (gGmbH) in Germany, this organisation offers people travelling (for instance) by plane the chance to offset their greenhouse gas emissions on their website.

Audit - An audit is a review procedure which serves to ensure compliance with standards and guidelines.

Auxiliary burner - Auxiliary burners are used in the coffee roasting process to bring the roaster's catalytic converter to its operating temperature.

B

Boreal - The boreal zone is a climatic zone located between approximately the 50th and 70th lines of latitude on the earth's northern hemisphere. It includes parts of Russia, Scandinavia and Canada.

Business Social Compliance Initiative (BSCI) - Founded in 2002, the BSCI is a non-profit organisation based in Brussels. The BSCI's principal aim is to safeguard social responsibility standards in global supply chains.

C

Carbon footprint - The term carbon footprint refers to the total CO₂ emissions caused by a product, a company or an individual. For example, a carbon footprint states how much CO₂ was emitted in the process of manufacturing a specific product.

Cash crop - Agricultural produce grown for sale or export rather than to meet personal needs.

Climate footprint - A climate footprint reflects the quantity of greenhouse gases that a company emits within a set timeframe and area of applicability.

Cotton made in Africa (CmiA) - Founded by the Aid by Trade Foundation (see also Aid by Trade Foundation), the CmiA initiative aims to promote ecologically and socially responsible as well as economically sustainable cotton cultivation in Africa - thereby improving living conditions for small farmers and their families.

CO₂ emissions - CO₂ emissions are the quantity of CO₂ emitted during the production of a specific product.

CO₂ equivalent - The CO₂ equivalent shows the relative contribution of a specific quantity of a greenhouse gas to the greenhouse effect. Carbon dioxide is used as a comparative value. The warming effect is usually considered over a timespan of 100 years.

Code of Conduct - The Code of Conduct consists of standards and values for ethical business practices and good corporate conduct. It serves to convey these practices and principles to all company employees, who should therefore feel committed to conducting business ethically, behaving fairly and complying with all laws.

Coffee & Climate - Launched to the public in April 2011, the "Coffee & Climate" initiative aims to prepare coffee farmers around the world for the consequences of climate change. Scientific knowledge about climate change will be put into the context of traditionally used cultivation methods, and easily understandable, practical tools will be developed. Tchibo is a founder member of this initiative, together with four other internationally operating coffee companies and the Hanns R. Neumann Stiftung.

Cooperative - In the coffee industry, a cooperative is a group of coffee farmers who aim to jointly operate as a single enterprise. Activities include reciprocal support in coffee cultivation, processing and joint marketing. Cooperatives are characterised by support for their members, self-help, responsibility for their own affairs and autonomy.

Corporate governance - Corporate governance is the organisation and shaping of management and monitoring processes. The fundamental rules abided by in this process can stem from legislation, result from collective agreements or become applicable upon the company's joining an association.

Corporate Involvement Program - Through its Corporate Involvement Program (CIP), Social Accountability International (SAI) supports companies as they implement its SA8000 standard (see also Social Accountability International [SAI], SA8000).

Corporate volunteering - Corporate volunteering is voluntary work undertaken by employees of a company for charitable purposes.

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D

Derivatives - Derivatives are financial tools whose prices align with currency fluctuations or price expectations for other investments.

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) - GIZ (German Society for International Cooperation) is the Federal Republic of Germany's national organisation for development and cooperation. It was formed in January 2011 as a merger of the Deutsche Gesellschaft für Technische Zusammenarbeit (Association for Technical Cooperation) (GTZ), Inwent - Capacity Building International, and the German Development Service (DED). As a federal enterprise, GIZ supports the German federal government in its international cooperation to promote sustainable development, and is actively involved in international educational work.

Deutsches Institut für Service-Qualität (DISQ) - DISQ (German Institute for Service Quality) is an independent market research institute specialising in improving service quality. DISQ's assessment procedures are based on mystery tests, which are carried out without the knowledge of the company under examination.

“Double opt-in” system - In the “double opt-in” process, users are requested to confirm their subscription to a newsletter in a second step, by clicking on a link sent to them via email. This process is considered to be more secure than the single “opt-in” process, which does not include additional confirmation.

E

ECOM - The ECOM Coffee Group has operated worldwide for over 60 years as a trade and export company, and has dedicated itself to forging and expanding strong partnerships across the globe.

CO₂ emissions - CO₂ emissions are the quantity of CO₂ emitted during the production of a specific product.

Energy management system (EMS) - An energy management system consists in the systematic coordination of energy consumption (purchase, distribution and use), taking environmental and economic factors into consideration.

Energy efficiency - Energy efficiency indicates the degree to which energy consumed is fully exploited. Maximum energy efficiency takes place when a desired gain is achieved with the lowest possible consumption of energy.

Energy management system (EMS) - An energy management system consists in the systematic coordination of energy consumption (purchase, distribution and use), taking environmental and economic factors into consideration.

Environmental auditing/environmental balance - These terms refer to a comprehensive concept for summarising and evaluating the effects on the environment associated with companies, products and production processes, such as greenhouse gas emissions, acidification or cumulative energy expenditure.

ETI Base Code - The Ethical Trading Initiative (ETI) was founded in 1998 by companies, unions and NGOs to develop and disseminate best practices for implementing fair labour practice codes. The ETI's aim is to harness the combined power of its members in order to push for compliance with international labour standards and respect for human rights along the entire supply chain - tackling issues that individual companies would not be able to address alone. Based on the conventions of the International Labour Organisation (ILO), the ETI Base Code lays down basic rules for hiring and treatment of employees.

EU directives “Waste Electrical and Electronic Equipment” (2002/96/EG) and “Restriction of Hazardous Substances” (2002/95/EG) - In effect since January 2003, Directive 2002/96/EC concerning electric and electronic devices aims to reduce the increasing quantity of electronic waste. Among other things, the directive stipulates that countries should establish a national collection system for electronic devices. Aiming to eliminate problematic component parts from electronic devices, Directive 2002/95/EC regulates the use of hazardous substances in appliances and parts.

External value - A currency's external value is its value in relation to foreign currencies. For example, the external value of the euro can be described in terms of US dollars.

F

Fairtrade - The FAIRTRADE seal stands for fair trade, which aims to improve living and working conditions for small farmers in countries where crops are cultivated. In particular, this involves paying a minimum price to small farmers as well as a premium to be spent on community projects. Fairtrade also promotes sustainable cultivation methods.

FLEGT Action Plan - FLEGT is an acronym for Forest Law Enforcement, Governance and Trade, and aims to improve monitoring of wood imports into the European Union. The key objective of the plan is to reduce trading in wood products stemming from illegal sources.

Fluid bed roasting - This coffee roasting method roasts raw coffee in jets of hot air. The method is characterised by short roasting times at temperatures of up to 400 °C.

Food Guideline - Tchibo outlines all of its basic rules for how food should be handled in its Food Guideline. The range of topics encompasses everything from quality standards and interaction with suppliers to how foods should be dealt with when they are being sold.

Forest Stewardship Council (FSC®) - The FSC® is a non-profit organisation which advocates sustainable forest management. The FSC® certification label on wood and paper products guarantees that these originate from responsible forestry.

FTS standard - Tchibo developed the Forest Tracing System (FTS) to make sure that wood stemming from exhaustive cultivation and protected types of wood are not used in Tchibo's product range.

G

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) - GIZ (German Society for International Cooperation) is the Federal Republic of Germany's national organisation for development and cooperation. It was formed in January 2011 as a merger of the Deutsche Gesellschaft für Technische Zusammenarbeit (Association for Technical Cooperation) (GTZ), Inwent - Capacity Building International, and the German Development Service (DED). As a federal enterprise, GIZ supports the German federal government in its international cooperation to promote sustainable development, and is actively involved in international educational work.

Global Reporting Initiative (GRI) - In a participative process, the GRI develops standards for compiling sustainability reports. The initiative is constantly developing its guidelines further through continuous communication with various stakeholders.

Green Dot - The Green Dot (Grüne Punkt) is a German trademark which identifies packaging materials that are collected and then recycled or professionally disposed of after they have been used.

Stiftung Gemeinsames Rücknahmesystem Batterien (GRS) - Foundation that organises a standard, Germany-wide system for consumers to return used batteries. The foundation was set up by leading battery manufacturers and the Zentralverband Elektrotechnik- und Elektronikindustrie (German central association for the electrical and electronics industry) and is funded by its users: The manufacturers and importers pay disposal cost contributions for the foundation's services, according to the number and type of batteries they sell.

I

International Coffee Partners (ICP) - ICP is an international private sector initiative. It helps coffee farmers and their families in developing countries to strengthen their competitive edge on the international coffee market and improves their living conditions, while also conserving natural resources.

International Labour Organization (ILO) - Founded in 1919, the ILO is now a United Nations specialised agency which strives to foster social justice, human rights and labour rights. The ILO is currently made up of 183 member states. ILO conventions refer to basic employee rights such as freedom of assembly and association, the right to collective bargaining, working hours regulations and anti-discrimination rules.

Institut für Markt-Umwelt-Gesellschaft (imug) - Founded in 1992 and based in Hanover, Germany, imug is an independent consulting firm focused on socio-ecological innovations. It supports companies in shaping relationships with stakeholders.

Indirect goods - The term “indirect goods” refers to goods that do not go directly into a product following the production process. Instead, these goods are used to maintain the company’s general operations.

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International Standard on Assurance Engagements (ISAE) 3000 - Issued by the International Auditing and Assurance Standards Board (IAASB), the ISAE 3000 provides a guide for examining non-financial data, such as the information found in a sustainability report. ISAE 3000 focuses on testing statements to make sure they are complete and accurate.

International Organization for Standardization (ISO) - The ISO is the international association of national standards bodies. Each of the 150 member states is currently represented by one ISO member. The ISO develops technical standards which apply throughout the world as well as procedural standards, for example in quality and environmental management.

Issues management - Issues management refers to the way in which an organisation systematically addresses the demands and issues posed by its environment.

L

LED - LEDs are semiconductor devices that light up as soon as they are connected to an electrical current. Thanks to their comparatively long lifespan and low energy consumption, LEDs are replacing conventional light bulbs in many areas of application.

Low-temperature catalytic converters - Catalytic converters are built into coffee roasters to keep odorous substances released during the roasting process at a low level. A catalyser is a substance which makes a chemical reaction possible and/or speeds it up without being an active part of the chemical reaction. The catalyser converts the escaping odorous material at a relatively low temperature. Catalytic converters that work at about 400 °C are referred to as low-temperature catalytic converters.

M

Metering point concept - This term from the energy controlling field refers to a concept for establishing the type, location and deployment of metering points to systematically and continuously measure energy consumption.

Multi-stakeholder dialogue - In a multi-stakeholder dialogue, the company’s various stakeholders, which may include suppliers, customers and employees, come together to present and debate their various viewpoints and perspectives. The aim of such dialogue is to develop solutions and to resolve any conflicts which may have arisen.

Multi-stakeholder initiative - In the course of multi-stakeholder initiatives, players from government, industry and civil society pool their collective expertise to solve complex problems (see also Stakeholder, Multi-stakeholder process).

Multi-stakeholder organisations - Multi-stakeholder organisations are supported by a range of stakeholders such as companies, trade unions, non-governmental organisations and consumer associations. They aim to foster communication regarding specific issues and to bring about decisions.

Multi-stakeholder process - In a multi-stakeholder process, various stakeholders affected by the same issue join together to undertake a process of change. This allows as many affected parties as possible to take part in decision-making processes.

O

Ombudsman - Ombudsmen work as impartial arbitrators and are usually called upon by two or more parties who would like to avoid a court dispute.

Organic cotton - Organic cotton is produced under conditions that meet internationally recognised standards for controlled organic cultivation. (see also Textile Exchange)

Sensory/organoleptic aspects of quality - Organoleptics is a scientific discipline concerned with the perception and processing of sensory impressions. In the case of coffee, these perceptions of aroma and taste are related to factors such as the variety of coffee (arabica or robusta), the soil it is grown in, how the coffee trees are cared for, the method of processing (wet, dry, semi-dry), the method and duration of roasting, the grinding process, the quality of the water used to make the coffee, and the method of making it (filter coffee, coffee machine, espresso machine, French press).

P

Packaging materials - Packaging materials are the materials used to produce packaging.

Pellets - Pellets are small, compressed, usually round or cylindrical, bodies made of a particular material (such as wood, metal or fodder). Pelleting makes it easier to handle and transport the material.

Photovoltaic systems - Photovoltaic systems transform solar radiation into electricity via solar cells.

Public Private Partnership - Public Private Partnership is the term for the mobilisation of private capital for state purposes. This can give rise to long-term cooperation between the public and private sectors.

PVC - Polyvinyl chloride (PVC) is a plastic which can be moulded into a different shape within a certain temperature range. Adding plasticisers and stabilisers makes PVC pliable and therefore highly suitable for technical applications.

R

Rainforest Alliance - Founded in 1986, the environmental organisation Rainforest Alliance issues certificates to coffee farmers to evidence their efforts to protect biodiversity and the rainforest in their coffee cultivation and to provide their employees with fair and safe working conditions. Products from farms which fulfil the organisation's requirements are awarded the Rainforest Alliance Certified™ seal.

Raw materials cycle - A raw materials cycle is the term for the cyclical reintegration of production waste into the production process.

Recirculation - Recirculation is the term for an energy-saving technique used in the coffee roasting process, in which the hot air blown onto the coffee beans to roast them is reused in the circulation of the roasting ventilation in order to save energy.

Renewable resources - Renewable resources are organic materials which stem from forestry or agricultural production.

S

SA8000 - The SA8000 standard aims to improve the working conditions of employees of all kinds, including temporary loan workers. The standard is issued by the New York-based organisation Social Accountability International (SAI). Based on guidelines issued by the ILO and the United Nations, SA8000's stipulations include the following: prohibition on child labour prohibition on forced labour standards in the area of health

and safety at work right to freedom of assembly and association and to collective bargaining prohibition on discrimination prohibition on physical or psychological punishment limits on weekly working hours assurance of acceptable wage levels incorporation of management systems to continue to develop the standards set

Social Accountability International (SAI) - Founded in 1997, SAI is a multinational organisation with the aim of improving working conditions for people around the world. Its most important tool in this endeavour is the SA8000 standard (see also SA8000).

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Smartsourcing - Smartsourcing is how Tchibo procures the raw coffee qualities it needs and which are not available on the market. Projects Tchibo conducts in cooperation with partners from supply chains, standards organisations and coffee producers pursue the aim of making supply chains more transparent and helping coffee suppliers to move step by step from conventional to more sustainable coffee cultivation.

Social audit - A social audit involves an independent expert checking a production facility's compliance with social responsibility standards. As a rule, this takes place by means of visits to the facility, checks of relevant documents such as timesheets and payrolls and wage sheets, and confidential interviews with a number of workers. The evaluation made by the audit is based on criteria founded on the Social Code of Conduct, laws applicable in the country of production, and international standards and guidelines. If violations of any of these come to light, the auditor draws up a plan of corrective measures to rectify the issues and discusses it with representatives of the facility.

Soil erosion - Soil erosion occurs when wind and water constantly wear away soil. This leads to soil depletion (a shortage of nutrients) and soil destruction.

Stakeholder - Stakeholders are those groups of people who have a claim or expectation of any kind on a company or organisation; the term encompasses both those within the organisation and those outside it.

Stakeholder conference - A stakeholder conference brings together representatives of particular groups of stakeholders to discuss specific issues affecting a company and find solutions acceptable to all.

4C Association/4C standard - The Common Code for the Coffee Community Association (4C) is a global association of coffee producers, retailers, industry and further members from various areas of society. The association is committed to a continuous process of improving social, environmental and economic conditions for people whose livelihoods depend on work involving coffee. The 4C standard includes 30 social, environmental and economic principles for those involved along the raw coffee supply chain.

Subcontractor/subcontracting - A subcontractor takes on parts of a contract which exists between two other companies or organisations and fulfils them on the basis of an agreement with the contractor.

Sustainability - Sustainable development is a process which meets the present generation's needs without limiting future generations' chances to satisfy their needs. The process demands equal consideration for environmental, social and economic factors in people's and organisations' actions and operations.

Sustainable development - Sustainable development is a process which meets the present generation's needs without limiting future generations' chances to satisfy their needs. The process demands equal consideration for environmental, social and economic factors in people's and organisations' actions and operations.

Sustainability management - Sustainability management is the integration of social, environmental and economic factors into a company's management system.

Sustainable coffee qualities/coffees - Tchibo defines all raw coffees that at least demonstrate compliance with 4C, that is, can be traded according to the 4C standard's principles, and all coffees that are certified to internationally recognised coffee industry standards, i.e. Fairtrade, Rainforest Alliance, UTZ CERTIFIED or Bio, as sustainable coffees.

T

Textile Exchange - Since October 2010, Organic Exchange has been known as Textile Exchange. Textile Exchange is an internationally operating non-profit organisation which has been committed to responsible expansion of sustainable textile production since 2003. It places particular emphasis on organic cotton.

Transport packaging - Transport packaging serves the purpose of making it easier to transport goods and of protecting them during transit. Goods are usually packaged at the production facility, while packaging is generally disposed of by the retailer.

U

United Nations (UN) - The UN is an association comprising 192 nations. Its role is to secure world peace, ensure compliance with international law and protect human rights.

United Nations Millennium Development Goals - In 2000, a working group in the United Nations made up of representatives of the UNO, the World Bank, the OECD and several non-governmental organisations outlined eight Millennium Development Goals to be met by the year 2015. Adopted in the course of the UN's Millennium Summit, the goals are as follows: 1. Eradicate extreme poverty and hunger 2. Achieve universal primary education 3. Promote gender equality and empower women 4. Reduce child mortality 5. Improve maternal health 6. Combat HIV/AIDS, malaria and other diseases 7. Ensure environmental sustainability 8. Develop a global partnership for development

Universal Declaration of Human Rights - The Universal Declaration of Human Rights explicitly states the United Nations' commitment to the principles of human rights. It was adopted on 10 December 1948 with the UN General Assembly Resolution 217 A (III). The declaration is made up of a total of 30 articles.

UTZ CERTIFIED - This organisation, which changed its name from UTZ Kapeh to UTZ CERTIFIED in 2007, stipulates fundamental rules for the production and selling on of coffee. For example, farmers are trained on the correct use of fertilisers or on the mechanisms of the global coffee market. Additionally, the organisation lays down basic rules for fair treatment of employees.

V

4C verification - The 4C Association's verification process (see also 4C Association/4C standard) is essentially made up of eight stages, including an inspection to determine the extent of compliance with the requirements of the 4C Association's standards.

W

Whistleblower - Generally, a whistleblower is someone who draws attention to malpractice in an organisation at the risk of negative consequences for him- or herself.

World Wide Fund For Nature (WWF) - The WWF is one of the largest international organisations committed to protecting nature and the environment. Founded in 1961, the organisation is active in over 100 countries and funded by more than five million supporters.

How Tchibo went from being a supplier of roasted coffee to being an internationally active retail company – and is continuing to develop.

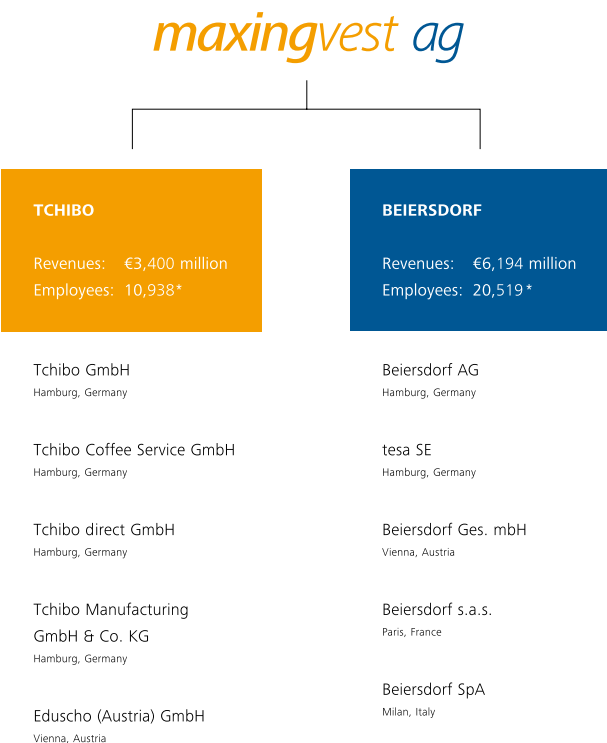
Tchibo – the company’s founders Max Herz and Carl Tchilling-Hiryan came up with the name in 1949 by combining the first syllables of the surname Tchilling and the German word for bean, Bohne. Today, the name represents a unique business model, combining unrivalled expertise in the science of coffee roasting and excellent consumer goods presented in campaigns that change every week. It’s been a long road from a mail-order business for roasted coffee to an internationally active retail firm. And the road doesn’t stop here. We have big plans for the future too: by means of our holistic strategy, we want to make sure that sustainability becomes a key quality characteristic for all our products and processes.

Company profile

Founded in 1949, Tchibo has been synonymous in the coffee trade with freshness and quality for over 60 years. Originally a mail-order business for roasted coffee, the company now has operations around the globe. Over the course of time, we have constantly expanded our range of products and services, and our strong brand is now an international mark of quality and variety.

Tchibo GmbH is one of Germany’s largest international companies for consumer goods and retail. The name Tchibo represents a unique business model, one that combines expertise in the realm of coffee roasting with an unparalleled range of consumer goods that changes every week. Tchibo is the world’s fourth largest coffee roasting company, and it leads the market in roasted coffee products in four European countries. On top of this, it is Europe’s leading out-of-home brand for coffee. The leading light of our unique multi-channel sales system is our network of over 1,100 Tchibo shops, about 840 of them in Germany and a further 300 in Austria, Switzerland and eastern European countries. Customers can also buy Tchibo products via the internet or from about 29,000 concessions in food and specialist retail outlets around Germany. We have approximately 7,000 concessions in Austria and another 190 or so in Switzerland. Some 11,000 people work for us at Tchibo, over 7,300 of them in Germany. In 2010, the company recorded revenue of EUR 3.4 billion

Structure of the maxingvest group in 2010



* annual average

Markets

In 1955, Tchibo opened its first branch in Hamburg, laying the foundations for a mercantile success story typical of the city. Today, Germany is still by far our most important market, but our activities in other countries become more important each and every year.

Even back in the early 1990s, Tchibo was moving into other markets in Europe. Now we are active in Austria, Switzerland, Poland, Hungary, the Czech Republic, Slovakia, Russia, Romania and Turkey. We export our roast coffee to over 50 different countries. In 2010, sales outside of Germany accounted for 22% of our total sales, a figure which we had already achieved the year before.

Core sales markets

The core markets for our sales activities are Germany, Austria and Switzerland: these three countries are home to approximately 90% of our 1,100 Tchibo shops. By itself, our home market of Germany accounts for about 840 of these shops.

Our activities on the Austrian market started in 1993, when we founded our subsidiary Tchibo Austria. After the acquisition of Eduscho by Tchibo Holding (today maxinvest ag) and the subsequent fusion of the two companies in 1997 and 1998, we have now become the leader on the roasted coffee market in Austria. Based in Vienna, Tchibo Austria, with its two brands, Tchibo and Eduscho, offers customers the entire range of Tchibo goods, as well as products from the brand Tchibo Privat Schokolade.

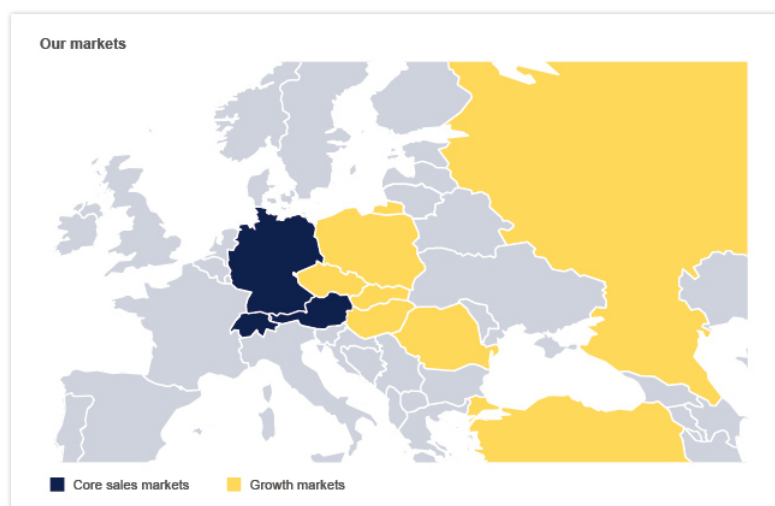
We have been active on the Swiss market since 2001. There, our initial business activities were direct sales via two different channels, our mail-order catalogues and the internet. In 2002, we opened our first Swiss Tchibo shops in Lucerne, Winterthur and Basle. Just as in Austria, our product range of coffee and consumer goods is supplemented by our chocolate products.

Growth markets

As well as our core markets, we are now also involved in eastern European countries. We firmly believe that Tchibo's business model has excellent prospects in the growth markets in eastern Europe.

We opened Tchibo shops in Hungary, the Czech Republic and Slovakia in 1991. Most of our coffee distribution is done via wholesale activities and retail.

Tchibo expanded into the Polish market in 1992, and we now have Tchibo shops in the country, selling the full Tchibo range of coffee products and consumer goods. We have been able to position ourselves as the leading name in roasted coffee in Poland, and we acknowledged the importance of the country's market when we opened our own Polish coffee roasting facility in 1994. As of 2008, customers can also use our online shoppe for ordering consumer goods and coffee.



Since opening our shops in St Petersburg (1994) and Moscow (1995), Tchibo has been able to become one of the leading coffee retailers in Russia. We can also be found in the Romanian capital, Bucharest, having opened a Tchibo shop there in 2001, and Tchibo products are sold in supermarkets around the country. We moved into the Turkish market in 2006, when we opened a shop in Istanbul. We currently have a total of 37 Tchibo shops in Turkey, and more are planned.

Business activities

Tchibo's product range is nothing if not extensive. The fascinating world of coffee products is where we started out, and we are synonymous with top-quality coffee and outstanding service for business clients and private consumers alike. Our B2C activities also include a new selection of appealing, useful products every single week.

Coffee: an incomparable pleasure

For 60 years, Tchibo has stood for outstanding coffee quality and the incomparable pleasure that is good coffee. Now as ever, customers associate our brand with the best in coffee expertise and trust us to deliver it.

Our Gold Mocca brand got off to a flying start, and Tchibo was already the number one company in the German coffee market by 1958. Important coffee-related innovations enabled Tchibo to move into more and more new market segments in the years that followed. Our acquisition of the company Eduscho saw us add the Gala brand to our range of coffee products and become an all-round product provider. Today, Tchibo is present in every market segment relating to classic roasted coffee products, from decaf to full-strength espresso.

Coffee Bars: relax and enjoy

Tchibo's coffee bars can look back on a long history rich in tradition. After six years of selling coffee by mail order, Tchibo opened its first shop with trial beverage sales - 1955 was the year that the Tchibo Coffee Bar was born. We have ensured that the Coffee Bar idea has kept up with our customers' tastes since then, and today over 500 of our approximately 840 Tchibo shops around Germany sell choice coffee specialities and snacks.

Consumer goods: everything you could ever want

At the start of the 1970s, Tchibo began to expand its range of products bit by bit with selected consumer goods. Now, every week has a new theme at our shops, and we live up to our motto of "Only available at Tchibo" by presenting about 30 different products based on the week's theme.

Over recent years, we have also made a name for ourselves as a company that markets holidays, services, mobile phone deals and energy products, all of which have now become firm fixtures in our business model.

Tchibo Coffee Service: a reliable partner

Tchibo Coffee Service was founded in 1972 and has since gone on to great success thanks to its professional out-of-home services. The company now supplies international business customers and major consumers in the hospitality and catering sector, as well as canteen operators and workplace caterers. This Tchibo subsidiary supplies up to 4 million cups of coffee every day. With "We enhance our customers' success" as its motto, the company delivers integrated service concepts: tailored hot beverage solutions, top-quality equipment and fitting, in-depth training and the last word in efficient purchase support. Tchibo Coffee Service does business all over Europe as one of the continent's leading coffee and food suppliers, and it has subsidiaries in five countries: Austria, the Czech Republic, Poland, the UK and the Netherlands. Outside of Europe, a dense distribution network takes care of the company's activities.

Strategy

Tchibo is synonymous with outstanding coffee and an appealing, ever-changing range of consumer goods. If we want to keep offering customers everything they have come to expect from us, we have to ensure that we deliver products and processes that are as environmentally friendly and socially responsible as possible. We want to make sure that everything we do is in line with the standards of responsible corporate governance, and we have therefore adopted an ambitious strategy.

In 2006, we developed our extensive "Strengthening Strengths" strategic programme, designed to make sustainability a permanent and integral component of our company's business at all levels. The name of this corporate programme is a statement of intent: we do and will use our existing strengths to generate growth potential for Tchibo. The strategy comprises three clear targets.

- **“Renewed Brand”**: using our performance and innovation to increase the emotional appeal of the Tchibo brand in our core markets of Germany, Austria and Switzerland
- **“New Growth”**: strong expansion of the Tchibo brand in eastern Europe
- **“Renewed Culture”**: a corporate culture with discipline, entrepreneurial spirit and customer focus as its hallmarks

The successful implementation of this strategic programme has returned Tchibo to its traditional position of strength: even in crisis-wracked 2009, we defied general economic trends by continuing to develop. We have been able to maintain this successful development during the year under review, something that only goes to prove that customers respect and respond to a company when it commits itself to cost discipline, consistency, determined pursuit of targets, and a value system with long-term environmental protection and social responsibility at its core.

We will continue to follow our holistic approach in the years to come, and our programme “Building our Future on Tradition” is now focusing on high-quality business growth. The path we are following with our corporate strategy has an important goal: making sure that sustainability becomes a core feature of all Tchibo products and of all our major business processes.

How you can get in touch with Tchibo.

Do you have questions or suggestions relating to corporate responsibility at Tchibo? Our contact people are always willing to listen. You can reach us via email, post or telephone. We look forward to hearing from you!



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Tchibo Sustainability Report

Publisher:

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Corporate Responsibility

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Note:

Wherever we have used masculine pronouns only, this has been done solely for reasons of readability. All descriptions refer to both genders.