
TCHIBO SUBMISSION



Clean Clothes Campaign Wage Survey

Response ID:68; Data

1. Login/Password Action

2. Introduction

1. Company name:

Tchibo GmbH

2. Brands owned by company:

Tchibo Certified Merchandising

3. Main contact person:

3. The living wage standard

4. 1.1 What is your company's position on payment of the living wage to workers in your supply chain?

Tchibo is committed to Living Wages and recognizes this in the Tchibo Social and Environmental Code of Conduct (SCoC). As benchmark, we have defined the Asia Floor Wage calculations. From our perspective, AFW has credibility, as it is an Asian grown initiative involving local unions and NGOs, though links still need to be made to the employers and governmental stakeholders (refer to our letter to AFW: <http://www.tchibo-nachhaltigkeit.de/csrweb/servlet/cb/647504/data/-/StellungnahmeAsiaFloorWage.pdf>).

From our perspective, the AFW should serve as a basis for collective bargaining between the legitimate bargaining partners. Collective bargaining is essential to ensure the growth of mature industrial relations which in turn is essential for the continuous implementation of workers' rights including living wages, as home-grown initiative.

Within the realm of our influence, we work on increasing wages in a three-fold approach:

a) At factory level, the WE – Worldwide Enhancement of Social Quality Programme aims at establishing fair wage systems. These include dimensions such as actual wage levels, wage payment processes, transparency over wage grading and its relation to job expectations: Last but not least, workers' perception as to whether they feel they are receiving a fair wage is emphasized. In combination with quality and productivity gains which arise from the programme, wages are increased for the workforce. For more information on WE refer to Section 2/ measure B (website: www.we-socialquality.com).

b) In-house at Tchibo, we work on living wage costing and engineering. Together, with our suppliers and factories we identify gaps between current wage levels and a living wage and carry out internal simulations on buying and selling price implications with reference to promoting living wages.

In 2011, e.g. we surveyed 70 sample factories on a potential wage increase with Asia Floor Wage payment and simulated price impacts. These learnings will inform our strategy moving forward (described under Section 6).

c) Multi-stakeholder engagement: As we believe that an industry-wide wage increase is only possible when legal minimum wages are increased internationally, Tchibo supports reaching a consensus for the international harmonization of wages with governments, trade unions, NGOs, employers' associations and other companies, in this context also lobbying for higher wages. Therefore, we engage in various multistakeholder processes such as the Ethical Trading Initiative (ETI), the Round Table Codes of Conduct and Social Accountability International (SAI).

Currently, we are actively participating in the joint initiative of the German Round Table of Codes of Conduct, the German Federal Ministry of Economic Cooperation and Development and the Dutch Ministry of Development.

5. 1.2 Please give the link to the code of conduct which is used when monitoring conditions in your supplier factories. If it isn't publicly available, please upload a copy using the option below.

www.tchibo.com/scoc

Upload option.

[01_SCoC_Engl_with usage_Jan 2012.pdf](#)

6. 1.3 Does your company agree with the definition of a living wage as given here?

Yes

If no, please provide details of how your definition of a living wage is different and give justification.

4. Respect for freedom of association and collective bargaining, a precondition for a living wage

7. 2.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to workers in your supplier factories and subcontractors?

a) SCoC and Supplier Manual:

In our Tchibo Social and Environmental Code of Conduct (SCoC), which is an integral part of every purchasing contract, we require our factories to communicate the right to FoA and CB to all workers in their supply chain:

- SCoC must be posted freely accessible in all major workspaces
- SCoC must be translated into the language of the employees
- Factories must inform employees on their rights and obligations as defined by the SCoC and applicable laws.

In addition, we provide every business partner with a Supplier Manual detailing the requirements. Please see the paragraphs on "Compensation" and "Freedom of Association" attached.

Percentage of supplier factories and subcontractors reached by these measures:

100% of Tier I supplying factories

Example of material: Please see the document sent via email:

02_Tchibo Supplier Manual_Jan 12 engl.pdf (Please keep confidential!)

b) WE Programme:

In the WE-Programme, workers (and managers) are trained on how to engage in dialogue and build up participatory structures and practices, including the right to FoA and CB. The trainings are adjusted to local context and legal requirements. In countries without the right to FoA and CB (e.g. China), the trainings aim at establishing freely elected worker committees.

Percentage of supplier factories and subcontractors reached by these measures:

23% of Tier I supplying factories and 52% of all products produced at factories in risk countries (all countries excluding EU and US) in 2012

Example of material: Please see the document sent via email:
03_WE2-FoA-Training.pdf (Please keep confidential!)

c) WE FoA Process BD

As a proactive measure to promote the right to FoA and CB in Bangladesh, Tchibo initiated a mediation process with the supplier factories in Bangladesh at the beginning of 2011. In this process, we have been making it very clear to our Bangladeshi factories that we expect them to respect and communicate the right to FoA and CB to their workers. (Example: letter sent out to our suppliers, signed by our Buying and Corporate Responsibility Director). Please see more information on the mediation process below.

Percentage of supplier factories and subcontractors reached by these measures:
Approx. 2% of Tier 1 supplying factories (all Bangladeshi factories at the time of initiation)

Example of material: Please see the document sent via email:
04_Tchibo Letter FoA BD March 2011.pdf (Please keep confidential!)

Percentage of supplier factories and subcontractors reached by these measures:

100%

Please supply an example of materials used:

[02_Tchibo Supplier Manual_Jan 12 engl .pdf](#)

8. 2.2 Do you support or facilitate training for workers to ensure they are aware of their right to freely associate, in conjunction with local independent trade unions or workers' rights organisations? Please supply details:

a) WE Programme:

In the WE-Programme, workers (and managers) are trained on dialogue and participation including the right to FoA and CB. The trainings are adjusted to local context and legal requirements. In countries without the right to FoA and CB (like China), the trainings aim at establishing freely elected workers committees. The WE trainings are conducted by local workers' rights organisations and consultancies which we have trained intensively over the past years and which receive on-going coaching through international consultants and Tchibo to support them in their facilitation and mediation role.

Names of local unions or workers rights organisations:

Please keep confidential: Awaj Foundation, Better Factory Certification, Capacity Building International Co. Ltd. (CBI CO., Ltd.), Change Associates Bangladesh, DaNi Resource Center, FTPI, Kenan Institute Asia, Kind Management International (KMI), NCP, ODI Asia Co Ltd., Prema , SHRM&P. Sobond Company, SGS, Social Accountability International (SAI), TAOS, Timeline Consultancy, Thailand Environment Institute, TUV Rheinland

23% of Tier I supplying factories and 52% of all products produced at factories in risk countries (all countries excluding EU and US) in 2012

b) WE FoA Process BD

To create dialogue between factories, workers and unions, we have initiated a mediation process between supplier factories, BGMEA, the ITGLWF (now IndustriALL) and the BNC (now IndustriALL Bangladesh Council) in Bangladesh in 2011. In February 2012, we held a consultation meeting with ITGLWF, BGMEA and three Tchibo factories in Dhaka. An early success of this dialogue was that workers were trained on OHS by BNC members at two supplier factories in Oct. 2012. After an interruption of the process due to the ongoing strikes in Bangladesh in 2013, further trainings are planned for 2014.

Names of local unions or workers rights organisations: IndustriALL Bangladesh Council

Percentage of suppliers and subcontractors reached by these measures:
2 factories (0.25%)

Names of local unions or workers rights organisations: : Please keep confidential: Awaj Foundation, Better Factory Certification, Capacity Building International Co. Ltd. (CBI CO., Ltd.), Change Associates Bangladesh, DaNi Resource Center, FTPI, Kenan Institute Asia, Kind Management International (KMI), NCP, ODI Asia Co Ltd., Prema , SHRM&P. Sobond Company, SGS, Social Accountability International (SAI), TAOS, Timeline Consultancy, Thailand Environment Institute, TUV Rheinland
Percentage of supplier factories reached by these measures: : 23%

9. 2.3 Do you provide training for management of your supplier factories and subcontractors on the right to freedom of association?

a) WE Programme:

In the WE-Programme, managers (and workers) are trained on dialogue and participation including the right to FoA and CB. The training will be adjusted to local context and legal requirements. In countries without the right to FoA and CB (like China), the trainings aims at establishing freely elected worker committees. The WE trainings are conducted by local workers' rights organisations and consultancies which we have trained intensively over the past years and which receive on-going coaching through international consultants and Tchibo to support them in their facilitation and mediation role.

Percentage of supplier factories and subcontractors reached by these measures:
23% of Tier I supplying factories and 52% of all products produced at factories in risk countries (all countries excluding EU and US) in 2012

b) WE FoA Process BD

To create dialogue between factories, workers and unions, we have initiated a mediation process between supplier factories, BGMEA, the ITGLWF (now IndustriALL) and the BNC (now IndustriALL Bangladesh Council) in Bangladesh in 2011. In February 2012, we held a consultation meeting with ITGLWF, BGMEA and three Tchibo factories in Dhaka.

Percentage of suppliers and subcontractors reached by these measures:
3 factories (0.25%)

Percentage of supplier factories and subcontractors reached by these measures:

23%

10. 2.4 Have your supplier factories and subcontractors issued the Right to Organise Guarantee to workers in any of your production units?

Country:	Number of suppliers:	Details:
No. We have not received any information that our suppliers		Tchibo does not require supplier factories to issue right-to-organise guarantees to workers. From our experience, a formal document does not eliminate the actual barriers to FoA, two of the most relevant being: (1) mistrust between factory management and unions, manifested in a lack of interaction and communication, and (2) lacking understanding of factories regarding the constructive role unions can play in stabilizing working environments and increasing workplace collaboration. With these barriers in place, a right-to-organise guarantee may be issued formally, however the likelihood is high that this might be accompanied by verbal threats to not to make use of this right.

1:	suppliers have issued such a guarantee and do not require it from our side.	Tchibo would not be able prevent such contraventions as we are not permanently in the factories. Instead, we aim at addressing the lack of trust between the relevant stakeholders (between factory managers and workers, between factory managers and unions as well as between unions and workers). The WE Programme is a key stepping stone in promoting the necessary trust. In Bangladesh and Ethiopia, we bring together factory managers, workers and union members to build this trust in a transparent and open dialogue. The process is designed to step by step demonstrate that collaboration with and integration of unions creates wins on all sides, as long as all parties access their rights in a responsible manner. Such an approach has a higher likelihood of anchoring ownership and creating lasting results.
2:		
3:		
4.		

Please provide a sample of materials used in specific countries:

11. 2.5 Do you require supplier factories and subcontractors to sign Union Access Agreements? If yes, please supply details.

Tchibo does not require supplier factories to sign union access agreements to workers. From our experience, a formal document does not eliminate the actual barriers to FoA, two of the most relevant being: (1) mistrust between factory management and unions, manifested in a lack of interaction and communication, and (2) lacking understanding of factories regarding the constructive role unions can play in stabilizing working environments and increasing workplace collaboration.

With these barriers in place, a union access agreement may be signed formally, however the likelihood is high that this might be accompanied by verbal threats to not to make use of this right. Tchibo would not be able prevent such contraventions as we are not permanently in the factories.

Instead, we aim at addressing the lack of trust between the relevant stakeholders (between factory managers and workers, between factory managers and unions as well as between unions and workers). The WE Programme is a key stepping stone in promoting the necessary trust. In Bangladesh and Ethiopia, we bring together factory managers, workers and union members to build this trust in a transparent and open dialogue. The process is designed to step by step demonstrate that collaboration with and integration of unions creates wins on all sides, as long as all parties access their rights in a responsible manner. Such an approach has a higher likelihood of anchoring ownership and creating lasting results.

In Ethiopia, a Collective Bargaining Agreement has been negotiated. In Bangladesh the process might lead to a union access agreement, but at this point, we are far from having created the necessary trust to make it work.

Number of supplier factories with agreements:

n.a.

Please provide a sample of agreements signed:

12. 2.6 Does your company have an accessible, actionable and safe means by which workers can file and follow up on complaints about violations of freedom of association and collective bargaining rights? How do you monitor that this can be accessed freely by workers?:

a) WE Programme:

In the WE Programme, the trainers regularly visit factories and hold meetings separately with workers (approximately every 2 months; in case of grave concerns more often). This gives workers an accessible way

of sharing complaints and grievances in a safe manner, as their identity is not disclosed. Information will be passed on to Tchibo, but if sensitive to workers issues, not directly shared with management. Based on the grievances, Tchibo and the trainers will initiate dialogue sessions for overall remediation. Through this, processes and systems can also be established in a constructive manner to prevent further grievances from happening.

WE has a duration of two years involving regular interactions between our trainers and the workers. This builds a climate of trust and openness. Our workshop reports and the feedback from the trainers show that also very challenging issues, e.g. related to discrimination are addressed and remediated. This speaks for the accessibility and safe environment the trainers can create within the WE Programme.

b) Tchibo complaint E-mail address:

Workers can file complaints using an email address. The email-address is included at the end of Social and Environmental Code of Conduct which is to be posted in local language on the factory floor. Implementation is checked during social auditing. We are aware that much courage and access to online communications channels are required on the part of employees to contact Tchibo directly. We have received two complaints in 2012 which show that this channel is being used; however we are clear that many more violations occur in our supply chain.

This is why our main focus lies on expanding WE and working on FoA, rather than e.g. setting up external hotlines or other ICT based systems. Trust-based remediation creates immediate and quick impacts. In the long run we hope that mature industrial relations will facilitate most effective remediation.

13. 2.7 Have you done any work to limit the use of short term contracts in your supplier factories and subcontractors?

Please provide details of your policy and its impacts in relevant countries: : The Tchibo SCoC applies “regardless of the contractual basis of th(e) employment” and states that “(o)bligations of this Code and/or of national/international laws shall not be avoided through the use of labour-only contracting arrangements, sub-contracting, false apprenticeship schemes or homework in industries which are not traditionally conducted in home-working arrangements”. We monitor the use of short term contracts in our Social Monitoring process. If misuse is found, we request remediation. If misuse of short contracts is found within the WE Programme, the issue is taken up in a dialogue approach between managers and workers.

How has any of this work impacted on workers ability to receive seniority bonuses?: : No information available; analysis of data not possible due to systems reasons.

14. 2.8 Is there anything else you would like to tell us about work you have done so far, or work you are planning, to promote the right to freedom of association in your supply chain?

a) WE Programme: The WE Programme is continuously rolled out into our supply chain to include all our strategic supplier factories by 2016 covering 80% of our buying volume.

b) WE FoA Process BD: We plan to continue the WE FoA process in Bangladesh. Activities are to be integrated into the Tchibo activities of the Accord on Fire and Building Safety. We plan to have union members hold trainings on Fire Safety and OHS successively in 50% of our Bangladesh factories by the end of 2015.

5. Dialogue and negotiation with labour rights organisations

15. 3.1 Please provide details of any active collaborative work undertaken with independent trade unions or labour rights organisations in your sourcing countries:

a) IndustriALL (formerly ITGLWF): Partnership to collaborate on the promotion of the right to FoA and CB in the Tchibo supply chain since 2011, so far focus on Bangladesh and Ethiopia (see below)

- b) IndustriALL, IndustriALL Bangladesh Council (formerly BNC)/ Bangladesh: WE FoA Process since 2011:
- Meeting between Tchibo, ITGLWF, BGMEA and 3 Tchibo factories in Dhaka in Feb. 2012
 - 2 Meetings between Tchibo, ITGLWF and BNC in Dhaka in Feb. 2012
 - Training preparation WE trainers and BNC trainers from March to Oct. 2012
 - 2 trainings on OHS conducted by three BNC trainers in 2 Tchibo factories in Oct. 2012
 - Plans to continue this trainings in line with Fire and Building Safety Accord in 2014

Please also see the documents sent via email:

5a_WE_Consultation Meeting_04 Feb 2012.pdf (Please keep confidential!)

5b_WE_BNC Meeting_06 Feb 2012.pdf (Please keep confidential!)

c) IndustriALL, Industrial Federation of Textile, Leather and Garment Workers Trade Union (IFTLGINTU)/ Ethiopia: Partnership since January 2012 (please keep CONFIDENTIAL)

- Meetings both with factory management and unions to support union establishment process
- Grievance handling during union establishment at one factory

d) CCC, WRC, ILRF, MSN, IndustriALL/ Bangladesh: Second signatory to the Fire and Building Safety MoU in September 2012 and signatory to the Fire and Building Safety Accord

e) Asia Floor Wage Secretariat/ India:

- Meetings held in Berlin (Oct. 2011) and Delhi (Feb. 2012) to establish partnership and include AFW member organisations into WE Programme by providing WE trainers.
- Not moved forward as a joint decision between Tchibo and AFW, as WE Programme in India was firstly established in the metal sector in Northern India – a sector not in focus of the AFW Campaign

16. 3.2 Have any of your collaborations resulted in unions or bargaining processes starting within your supplier factories?

1 supplier in Ethiopia (please keep confidential)

6. 4. Benchmarks for a minimum living wage

17. 4.1 Does your company have internal figures that it uses to benchmark living wages for each sourcing country or region?

Yes

If yes, please provide details of how these were developed and how they are used:

Asia Floor Wage is used as a benchmark; local union figures are considered; workers calculate living wages in WE activities.

18. 4.2 Please provide information about the figures you are using to benchmark a living wage in your 3 main production countries or regions.

	Country/region	Living wage benchmark
1.	China	2332 RMB (AFW 2012)
2.	Bangladesh	Wage ladder from 19132 Taka (AFW 2012) to 8200 Taka (IndustriALL Bangladesh Council's current living wage); workers to calculate living wages themselves
3.		

19. 4.3 Please give details of the number of your supplier factories in Asia that are currently paying the Asia Floor Wage.

	Country/region	Number of supplier factories paying Asia Floor Wage
1.	Currently, no data available. Chinese wages are close to or surpass the AFW.	
2.		
3.		
4.		
5.		

7. Purchasing practices that make living wages possible

20. 5.1 Is your company doing work to limit the use of subcontractors in your supply chain and/or consolidate your supplier factory list? Please provide details:

a) Supplier portfolio consolidation process since 2010: higher order percentage per factory; more direct business; framework agreements with key suppliers (see upcoming Tchibo Sustainability Report for more details.) Buyers can only source from the defined supplier pool.

b) Unannounced subcontracting is not allowed as stated in every purchasing contract; monitored through quality audits (done at 96% of factories) which check if the factory has the capacities to produce the Tchibo orders.

21. 5.2 Does your company operate a policy of buyers favouring supplier factories that consistently meet a high wage standard? How?

In practice, there is only a very limited number of factories with high labour standards worldwide. Currently, factories are well booked regardless of compliance level. Unfortunately, the factories with high labour standards do not create a pull for other suppliers to develop and raise overall standards. This is partly due to not all buyers requiring high standards but mostly due to the fact that labour rights violations have complex root causes which are not easily addressed.

To work around these framework conditions, we work with the principle of negative selection: We have set minimum thresholds which all factories need to fulfil, before they can enter the producer portfolio of Tchibo. These thresholds are so called Zero Tolerances, ranging from payment of minimum wages to prohibition of child labour which we check via auditing. Once a producer fulfils these requirements in addition to our quality requirements, they become a nominated Tchibo supplier.

When entering into the pool, our suppliers are automatically integrated in our performance development programmes. Our regular suppliers are integrated into the WE Programme which not only enhances labour standards, but also efficiency, thereby making such suppliers double capable to receive orders from our side. Without any explicit policy of buyers favouring suppliers, 52% of our products sourced from risk countries (all countries excluding EU and US) were made at WE factories by the end of 2012.

In addition, our most important suppliers receive frame contracts. These are also based on social and environmental indicators.

Our buyers are only authorized to purchase from suppliers within the Tchibo portfolio. This is ensured by our IT system. A supplier only remains inside the portfolio, if they continuously develop their standards. If a supplier is continuously unwilling to develop with us in that direction, we delist the supplier under consideration of responsible transition principles.

Are other incentives provided for buyers or supplier factories to work towards a living wage for workers? : No, see statement above. By default buyers can only work with the defined Tchibo producer portfolio.
 How is this monitored? : IT system

23. 5.3 Does your company break down and calculate whether FOB prices per piece are sufficient to allow for compliance with the wage standard your company has set out in its code of conduct?

From our experience, this has proven very difficult as supplier factories use mixed calculations. Together with our key suppliers, we are collecting more data and creating transparency over calculation processes and models. Rather than factoring in wage increases by default into our prices, we are looking for solutions which are better equipped to take the actual complexity into consideration.

24. 5.4 Does your company operate a policy of buyers favouring supplier factories that support the establishment and functioning of genuine trade unions, and those with collective bargaining agreements?

Yes, see statement above related to living wages.

25. 5.5 Please provide information about any other work your company has done / is planning to do on improving your purchasing practices, in relation to wages.

8. Living wage projects

26. Please provide details of any projects here. Please note you can cut and paste long pieces of text into these small boxes if necessary:

	Project 1	Project 2	Project 3	Project 4
Location:	Bangladesh, China, Laos, India, Thailand by the end of 2012	Please keep confidential: Ethiopia		
Number of factories and workers involved:	200 factories, wage increases differ between factories.	1 factory with 7000 workers		
Living wage benchmark used:	Workers' calculation in wages workshops	Calculation by Industrial Federation of Textile, Leather and Garment Workers Trade Union (IFTLGINTU)		
Partnerships:	WE Programme with WE training organisations and GIZ	ITGLWF (now IndustriALL) and Industrial Federation of Textile, Leather and Garment Workers Trade Union (IFTLGINTU)		

Wage increase achieved:	various	Collective Bargaining with Industrial Federation of Textile, Leather and Garment Workers Trade Union (IFTLGINTU)		
Details of process:	Dialogue training programme between managers and workers, with a focus on creating workplace collaboration and developing win-wins for increased wages and better business performance. Please see documents sent via email: 06_WE2-FairWages-Training (Please keep confidential!)	Establishment of a factory trade union		

27. Please upload any useful supporting documentation here:

9. New Page

28. 7.1 Have you publicly supported calls from civil society and unions to increase the minimum wage to a living wage standard in your production countries? Have you made this position clear towards governments and employers associations?

- Tchibo Sustainability Homepage, www.tchibo-sustainability.com
- Letter to AFW dated Oct. 2009, <http://www.tchibo-nachhaltigkeit.de/csrweb/servlet/cb/647504/data/-/StellungnahmeAsiaFloorWage.pdf>. (Also sent via email as 07_Statement_AsiaFloorWage.pdf)
- Statements at Living Wage Conference of the Round Table Codes of Conduct in March 2012
- Tchibo Office Opening in Dhaka in January 2013 (guests included government officials and representatives of employers associations)
- ETI collaboration: CEO letter sent to Bangladeshi government in January 2013
- German National CSR Policy Forum in Berlin in June 2013: <http://www.csr-in-deutschland.de/en/csr-forum.html>

29. 7.2 As part of this work, have you issued a public statement assuring country governments that you will not relocate production as a result of minimum wage legislation that ensures a living wage?

- Press statement on Bangladesh published with Fire and Building Safety Accord:
<http://www.tchibo.com/content/917528/-/pid=310330/de/presseinformationen/tchibo-bekannt-sich-zu-langfristigem-engagement-in-bangladesch.html> (English version sent via email as 08_Tchibo press information
- Accord on Fire and Building Safety.pdf.

10. Transparency

30. 8.1 Does your company publish a full public list of supplier factories, and sub contractors, their locations and products?

Tchibo has a high financial investment in the development of our factories due to quality developments and WE Programme. Against this background, we do not wish to make our supplier list publicly available. We have shared our factories with multi-stakeholder initiatives to engage in collaborative work (e.g. ETI, SAI and Fire and Building Safety Accord) and are open to do so in the future if clear rules are established on confidentiality.

Do you have plans to publish a full list in the future?

No.

31. 8.2 Does your company publish impact reports on projects related to wages?

a) WE Programme Impact Analysis: <http://www.we-socialquality.com/WE-Specificity/First-results/Effects.aspx?l=1> ; b) Tchibo Sustainability Report: www.tchibo-sustainability.com

11. Collaborative working

32. 9.1 Please provide details of your involvement with any multi-stakeholder initiative projects working to improve wages:

Name of MSI: Round Table Codes of Conduct

Details of your involvement in project work on wages:

- Active and ongoing participation in the working group Living Wages
- March 2012: Multi-stakeholder Conference on Living Wages with AFW Campaign representatives in Berlin
- Meetings with NGOs (Oxfam, FairTrade) and unions (DGB) on a common action plan
- Active preparation of follow-up conference to the March 2012 conference, planned for Nov. 2013

Please also see document uploaded and sent via email: 09_Dialogue Meeting LW RT CoC 22032012.pdf
(Please keep confidential!)

33. 9.2 Please provide details of any work you have initiated outside an MSI, directly with other companies which has improved wages:

n.a.

34. Supporting documents:

[09_Dialogue Meeting LW RT CoC 22032012.pdf](#)

12. 10. A clear route map for implementing a living wage for all workers

35. 10.1 Has your company developed a strategy for delivering a living wage in your supply chain? Is this a public commitment?

Yes, the strategy is built on three pillars:

- a) Factory level: WE Programme and WE FoA Process BD
- b) In-house living wage costing and price engineering
- b) Multistakeholder engagement for higher minimum wages and collaboration at factory level

36. 10.2 Does this strategy have a time scale? If yes, please state.

Pilot phase: end 2015, after that adaptation timeline to learnings

37. 10.3 What consultation have you carried out on this strategy, both within and outside your company?

- Strategy development in close cooperation with buying department
- Participation in workshop with ETI/FWF in Oslo in Aug 2012
- In context of Round Table Codes of Conduct, consultation with NGOs (including Oxfam, FairTrade), unions (including DGB) and AFW campaign
- Integration of wage ladder tool by Fair Wear Foundation and tools provided by Fair Wage Network

38. 10.4 How will you ensure that vulnerable workers, such as homeworkers or migrant workers are also included in efforts to increase wages?

The WE Programme in general integrates migrant workers into the dialogue process. Once factories integrated into WE Programme use homeworkers in their production, the WE Programme will also include these workers.

39. 10.5 Is there anything else you would like to tell us about your work on the living wage that

hasn't been covered in this survey?

13. Further questions about your supply base

40. 1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

	Country	Percentage of production	Number of suppliers
1	China	65%	
2	Germany	7%	
3	Turkey	5%	
4	Bangladesh	4%	
5	Vietnam	3%	
6	Please take note of our business model: We do not only sell garments but a wide range of consumer goods. We have a weekly changing assortment. Over the past 2 years we have been concentrating our supplier base.		
7			
8			
9			
10			

41. 2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

Production at factories owned by your company: : 0%
Orders placed directly to supplier factories: : > 50%
Orders placed through agencies or intermediates: : < 50%
Other: : 0%

42. If other, please specify.

43. 3. What is the length of time that you have been working with your current suppliers?

	% of suppliers
More than 5 years:	28
2-5 years:	26
Less than 2 years:	46

44. 4. How many sites did you use to produce your goods in 2012?

First tier suppliers: : 810
Sub contracted suppliers: : n.a.

45. 5. How many supplier factories do you trade with where you have a regular production share of more than 25%?

Number of suppliers: : We have not started gathering this information yet.

Response Location

Country:	Germany
Region:	04
City:	Hamburg
Postal Code:	
Long & Lat:	Lat: 53.549999, Long:10



Principles for Social and Environmental Compliance in the Non Food sector

Status: January 2012

Respecting human rights is an elementary principle of living together. Working environments and conditions that disregard human rights contradict this principle. We acknowledge our responsibility as a globally sourcing company and commit ourselves to the promotion and protection of human rights in our sphere of influence. In particular when shaping, managing and implementing our business relationships we work on ensuring that fundamental social and environmental standards are adhered to.

Legal Compliance

Business partners of Tchibo shall comply fully with all national and international labour, social and environmental laws. In addition, business partners shall obey the fundamental standards of this Code. The fundamental social standards as set forth in this Code are based on ILO Conventions and the United Nations' Universal Declaration of Human Rights. They constitute the absolute minimum and not the maximum of protection and promotion of fundamental rights for employees. Whenever the provision of national and international laws, specific industry standards and this Code address the same subject, the regulation which affords the greater protection for employees applies. This Code also refers to the SA8000 standard and the ETI Base Code.

Information / Communication

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

Inspection and Monitoring

To assure that business partners implement the Code and applicable laws, Tchibo will conduct unannounced audits through own personnel and/or independent external auditing bodies. Business partners are expected to provide access to their facilities, including those of subcontractors at any time it is required. Any violation of the Code and/or laws has to be remedied.

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

Consequences of Non-Compliance

Depending on the rating of the social audit, the following consequences apply for the vendor:

Zero Tolerances/Alert Notifications: a follow-up audit has to be carried out within four weeks (from the date the initial audit was carried out). In addition, the vendor shall submit a written statement to Tchibo indicating in which way the concerns will be remediated. If the follow-up audit shows no improvement of the Zero Tolerances/Alert Notifications, Tchibo shall be entitled to withdraw from the contract without granting any days of grace and reject the service, claiming damages instead of the service.

Major Concerns: a follow-up audit has to be carried out within 5 months. In addition, the vendor shall submit a written statement to Tchibo indicating in which way the concerns will be remediated.

If no improvements were found versus the initial audit, then Tchibo shall be entitled to withdraw from the contract without granting any days of grace and reject the service, claiming damages instead of the service.

Minor Concern: no follow-up audit will be necessary. Two years after the initial audit, a biennial audit will be conducted.



Continuous Development Approach

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

Costs of Training and Auditing

Tchibo covers the costs for initial audits.

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

Costs for follow-up audits have to be covered by the vendor.

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



**Tchibo Social and Environmental Code of Conduct (Tchibo SCoC)
for Non Food suppliers and service providers**
Status: January 2012

As a standard requirement for doing business with Tchibo, we require our business partners (vendors, their producers and subcontractors) to observe and protect at least the following fundamental rights for employees, regardless whether employed directly by our business partners and regardless of the contractual basis of this employment, whether in the formal or the informal sector. Furthermore, Tchibo business partners are obliged to observe the below-mentioned environmental requirements.

1. Forced Labour

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

2. Child Labour and Young Workers

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

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

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

3. Discrimination

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

4. Disciplinary Measures

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



5. Working Contracts

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

6. Compensation

Wages paid for a standard working week shall meet at least legal or benchmark industry minimum standards, whichever of the two is higher. Business partners shall strive to pay wages that always meet basic needs of employees and their families and provide some discretionary income in case that legal minimum wages fail to do so. Employees shall receive at least all legally mandated benefits. All overtime work shall be reimbursed at a premium rate according to legal or industry standards, whichever is higher. Deductions from wages as a disciplinary measure are not permitted. Employees shall be provided with written and understandable information on the full composition of their wages, including deductions, overtime premium rates and benefits. ILO Conventions 26 and 131 apply.

7. Hours of Work

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

8. Freedom of Association and Collective Bargaining

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

9. Working Conditions and Health & Safety

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



10. Environment

For every business partner of Tchibo, the protection of the environment is the basis to ensure their business sustainability. Tchibo requires all business partners (vendors, their producers and subcontractors) to act in accordance with the applicable statutory and international standards regarding environmental protection. The business partners are expected to increase energy efficiency, minimize environmental pollution, minimize the use of natural resources (including water, energy and gas) and make continuous improvements in environmental protection. In order to achieve these targets they are obliged to set up or use a feasible environmental management system.

11. Management Practice

Ethical standards as defined in this Code shall be acknowledged by the management of any business partner and shall be incorporated in company policies. Employees shall be informed about the contents of the Code and applicable national/international laws in a way that is accessible for them, including their local language and in case of illiteracy through verbal briefing and training. In order to meet all requirements as set forth in this Code and in national/international laws, employers shall establish a management system. Responsible personnel for issues such as human resources/employment, legal requirements, occupational health and safety, production planning and other crucial issues at production level shall be appointed. Business partners shall maintain appropriate records to demonstrate compliance with this Code and national/international laws.

12. Employment Relationship

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

Grievance procedure:

Employees are entitled to bring any violation of the Code and/or applicable laws to the attention of Tchibo and/ or any independent third party. Employees and third parties may contact Tchibo at any time:

Tchibo GmbH
Corporate Responsibility - Social Compliance Non Food
Überseering 18
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