



SOCIAL AND ENVIRONMENTAL COUNTRY RISKS AND POLICIES

1 Country Risk Assessment

We constantly analyse our supply chains to identify risks for SCoC* violations in (potential) sourcing markets

2 Country Policies

We adapt our processes to specific country risks

3 Issue-related Policies

We adapt our processes to issue-related risks

1 Country Risk Assessment

Different social, political and environmental indicators are taken into account to evaluate the risk for SCoC* violation in all (potential) sourcing markets.

Country Risk Score

Status: July 2024

Scope: potential sourcing markets for Tchibo

Country	Risk	Country	Risk	Country	Risk	Country	Risk
Austria	Low Risk	Netherlands	Low Risk	Indonesia	High Risk	Turkey	High Risk
Belgium	Low Risk	Portugal	Low Risk	Israel	High Risk	Ukraine	High Risk
Canada	Low Risk	Slovakia	Low Risk	Laos	High Risk	United Arab Emirates	High Risk
Croatia	Low Risk	Slovenia	Low Risk	Lebanon	High Risk	United States	High Risk
Czech Republic	Low Risk	Spain	Low Risk	Malaysia	High Risk	Viet Nam	High Risk
Denmark	Low Risk	Switzerland	Low Risk	Poland	High Risk	Bangladesh	High Risk
Finland	Low Risk	China**	High Risk	Romania	High Risk	Cambodia	High Risk
France	Low Risk	Hong Kong**	High Risk	South Africa	High Risk	India	High Risk
Germany	Low Risk	Bosnia and Herzegovina	High Risk	South Korea	High Risk	Pakistan	High Risk
Greece	Low Risk	Bulgaria	High Risk	Sri Lanka	High Risk	Belarus, Iran, North Korea, Myanmar, Russia, Turkmenistan, Uzbekistan	No Sourcing
Italy	Low Risk	Egypt	High Risk	Taiwan	High Risk		
Latvia	Low Risk	Guatemala	High Risk	Thailand	High Risk		
Lithuania	Low Risk	Hungary	High Risk	Tunisia	High Risk		

Risk Grading and Minimum Audit Requirements

Low Risk	No Audit
High Risk	1-day Social and Environmental Audit ** as part of Tchibo Quality Audit, if expertise allows
High Risk	2-day Social and Environmental Audit
No Sourcing	

Indicators and Sources for Country Risk Score

All dimensions are evaluated based on civil society as well as supply chain data.

Labour	Environment
e.g. Human Development Index (United Nations), Global Slavery Index- Vulnerability (Walk Free Foundation), Workers Rights Index (International Trade Union Confederation), Children's Rights in the Workplace Index (UNICEF and Global Child Forum)	e.g. Wastewater Index, Air Quality Index, Carbon Intensity Index, Solid Waste Management Index, Solid Waste Management Index (Yale and Columbia University), Water Stress Index (World Resources Institute)
Business Ethics	Management systems
e.g. Corruption Perceptions Index (Transparency International), Corporate Governance Index (World Bank), Freedom In the World Index (Freedom House)	e.g. Transparency of Government Policymaking Index (World Bank)
Health & Safety	Sector/ Product Risk
e.g. Sanitation & Drinking Water Index (Yale and Columbia University)	Social and Environmental Risks in Apparel, Footwear and Textiles & Hard Goods sector

2 Country Policies

Beyond audit requirements, the country risk analysis results in specific country and/or issue-related policies which are detailed requirements additional to the SCoC* provisions that are already in place.

Country	Risk	Policy
All risk and high risk countries		<ul style="list-style-type: none"> No sourcing in case of Zero Tolerance findings at new factories. No sourcing in case Zero Tolerance remediation is not started after four weeks at factories with established buying relationship.
Bangladesh	<ul style="list-style-type: none"> High risk in regard to fire and building safety in textile, garment and footwear factories throughout the country. 	<ul style="list-style-type: none"> Every factory to be assessed on overall suitability according to Tchibo SCoC in a pre-visit by qualified Tchibo staff. Every RMG factory to be assessed on fire and building safety according to requirements of International Accord on Health and Safety in the Garment Industry ("Accord"). Every non-RMG factory to undergo and/or prove structural and fire safety engineering inspection in line with Accord requirements. Every factory to be added to the Tchibo portfolio needs to be registered with Accord. 100% of initial Accord findings to be corrected within one year.
Great Britain	<ul style="list-style-type: none"> Textile and garment factories in and around the city of Leicester are alleged to violate labour law in the form of informal work, below-minimum wage remuneration, inadequate health and safety standards and other. 	<ul style="list-style-type: none"> No production in/sourcing from Leicester.
India	<ul style="list-style-type: none"> High risk of forced labour in the textile and garment sector of the state of Tamil Nadu 	<ul style="list-style-type: none"> Sourcing from textile or cotton processing factories in Tamil Nadu (Tier 1 or 2) is only possible after diligent desk research and initial compliance plus audit with extended forced labour scope.
Israel	<ul style="list-style-type: none"> Palestinian workers in Israel might face discrimination in employment, wages and working conditions, especially in Israeli-administered industrial zones in the West Bank. Within the Israel-Gaza war the risk can quickly change and intensify. 	<ul style="list-style-type: none"> No production in/sourcing from West Bank and Gaza Strip. Special awareness for all sourcing from Israel. For any business relationship the manufacturer situation will be evaluated individually, taking internal and external sources into account.

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Country	Risk	Policy
Italy	<ul style="list-style-type: none"> A high number of Chinese-owned textile and garment workshops in and round the town of Prato, Tuscany, allegedly employ vast numbers of undocumented immigrants and are suspected to conduct forced labour, violate labour laws and standards as well as other laws notoriously. 	<ul style="list-style-type: none"> Factories located in and around Prato need to be assessed through diligent desk research and an external audit (see risk score 2 in country risk analysis), indicating suitability with Tchibo SCoC.
Myanmar	<ul style="list-style-type: none"> Systematic violation of civic and human rights since military coup in February 2021. 	<ul style="list-style-type: none"> No sourcing from Myanmar from January 2022.
Turkey	<ul style="list-style-type: none"> Number of refugees working in the textile, garment and footwear sector increases across the country, resulting in a high risk of informal work, child labour and subsequent labour rights violations. Businesses are allowed to employ Syrian refugees if they do not represent more than 10% of the total workforce of the company. 	<ul style="list-style-type: none"> Suppliers and producers in Turkey are to be informed about the Tchibo policy on refugees in Turkey: no child labour, no discrimination, equal pay for equal work, provide translations into Arabic, compliance with national regulation (including 10% quota). The regular Tchibo child labour policy applies. Each new supplier and producer must undergo a diligent desk research.
Pakistan	<ul style="list-style-type: none"> High risk in regard to workplace/health & safety in textile, garment industry . 	<ul style="list-style-type: none"> In January 2023, Tchibo signed Pakistan Accord to respect workplace safety/Human Rights. Program is in initial phase (e.g., setting standards, structuring governance body, etc.). For Tchibo suppliers and producers, concrete requirement/policy on this not yet set in the supply chain. However, Tchibo highly expects suppliers and producers to join and cooperate in Pakistan Accord.

3 Issue-related Policies

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Issue	Risk	Policy
Abrasive Blasting	<ul style="list-style-type: none"> For certain garments and other products, abrasive blasting in the form of sand- or chemical blasting is applied. Exposure to dust from blasting techniques is a serious health hazard, which can damage the respiratory system and may be lethal. 	<ul style="list-style-type: none"> Abrasive blasting processes is checked as part of internal and external audits. No sourcing from manufacturers that apply sandblasting or chemical blasting in textile production. Sourcing from non-textile factories that apply abrasive blasting methods only if required safeguards are in place. If audits reveal risks associated with abrasive blasting processes, an in-depth "Risk Check Abrasive Blasting" is mandatory.
Child Labour	<ul style="list-style-type: none"> Child Labour refers to work that is, with exceptions, carried out by children aged below 16. It also refers to work that is mentally, physically, socially or morally dangerous and harmful to children (below 16 years) or young workers (16-18 years), interferes with their schooling and deprives them of their childhood. 	<ul style="list-style-type: none"> No sourcing from factories that employ children Remediation in cases of Child Labour: <ul style="list-style-type: none"> The worker below the legal minimum age must be immediately released from work. The factory is expected to send the child back to his/her family and transportation cost must be covered by the factory. The open position is to be offered to a family member who has reached the legal minimum age for admission to work. The factory is expected to provide adequate financial and other support to enable such children to attend and remain in school. When reaching the minimum age for admission to work, the child is to be offered re-employment in his/her earlier position.
Home and Cottage Work	<ul style="list-style-type: none"> In some countries (e.g. Bangladesh, India) and/or industries (e.g. weaving, hand-made craft goods), home-based work or homework is common practice and widespread. Risk issues include child labour, no payment of minimum wages, excessive overtime etc. However, homeworkers may have advantages such as flexible working hours, saving on childcare etc., and thus may prefer this work. 	<ul style="list-style-type: none"> Homework is only accepted if it is known to Tchibo and if all requirements of the Tchibo SCoC are met. In case of homework, suppliers must provide detailed information on <ul style="list-style-type: none"> exact place(s) of the homework (i.e. regions, villages, buildings etc.), the entire value chain from raw materials to finished product, including all intermediaries involved, the suppliers'/factories' system to monitor working conditions in those homes. Orders can only be placed if the evaluation of all information shows that SCoC minimum requirements are met.