



Our
closed
Loop
Report
2014-2019

Editorial Summary

As humanity, we are currently using the equivalent of 1.7 earths. This means that we are using more natural resources than our planet can regenerate within a year. On top of that we produce far too much waste. Growing population and consumption fuel this development day by day. The urgency to move away from a make — use — dispose mentality is omnipresent and we have to find sustainable solutions.

Tchibo's business responsibility goes beyond selling products and services to customers. Our job is to consider and improve the impact we have on people and planet. For us this means to close loops in our product creation cycles by:

- Using recycled or responsibly sourced renewable materials for our products
- Creating products that are made to last long as well as to offer sustainable forms of consumption
- Finding answers to the big questions of what happens to our products after we throw them away

We are honest — meeting this ambition is extremely challenging given our broad product variety and the weekly changing offers. However, things that seemed impossible a few years ago worked out in the end and therefore we are consistently speeding up our journey towards a circular economy.

In 2011, Greenpeace issued a wake-up call to the fashion industry with the launch of its Detox campaign. Tchibo joined the movement in 2014 and committed to phase out hazardous chemicals in the textile production until 2020 by signing the Greenpeace Detox Commitment. Along came the call for a circular economy, across global supply chains and product lifecycles. This aspiration, to close our products' material cycles as best as we can, was reaffirmed by the Greenpeace Closed Loop Commitment, signed in the same year.

Our 2020 roadmap commitment is coming to an end, so it's time to highlight what we have achieved together and outline our future strategy.

Creating a circular economy starts with the development of circular products. Products need to be designed in a way that recycled or renewable resources can be used, a long lifetime can be enabled and recycling can be facilitated.



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Reason Why

Today as humanity we use 1.7 earths.
We acknowledge the urgency to
move away from a make-
use-dispose mentality
and need to find
more circular
solutions.



Milestones

Around **12** million plastic bottles were recycled for our textile products in 2019

SOURCE: Textile Exchange



85% of returned Tchibo Share products can be reused



97% recyclable packaging for Non Food products



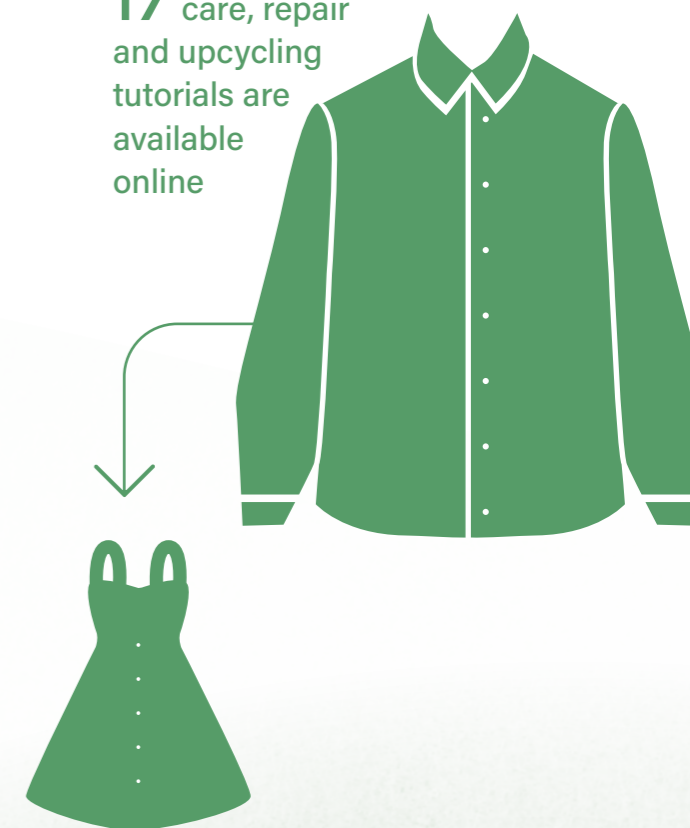
Since introducing a price on single-use plastic bags in 2015 we sell **90%** less bags



6 large assortment categories are available at Tchibo Share

VIEW/DOWNLOAD: **GGWG**

17 care, repair and upcycling tutorials are available online



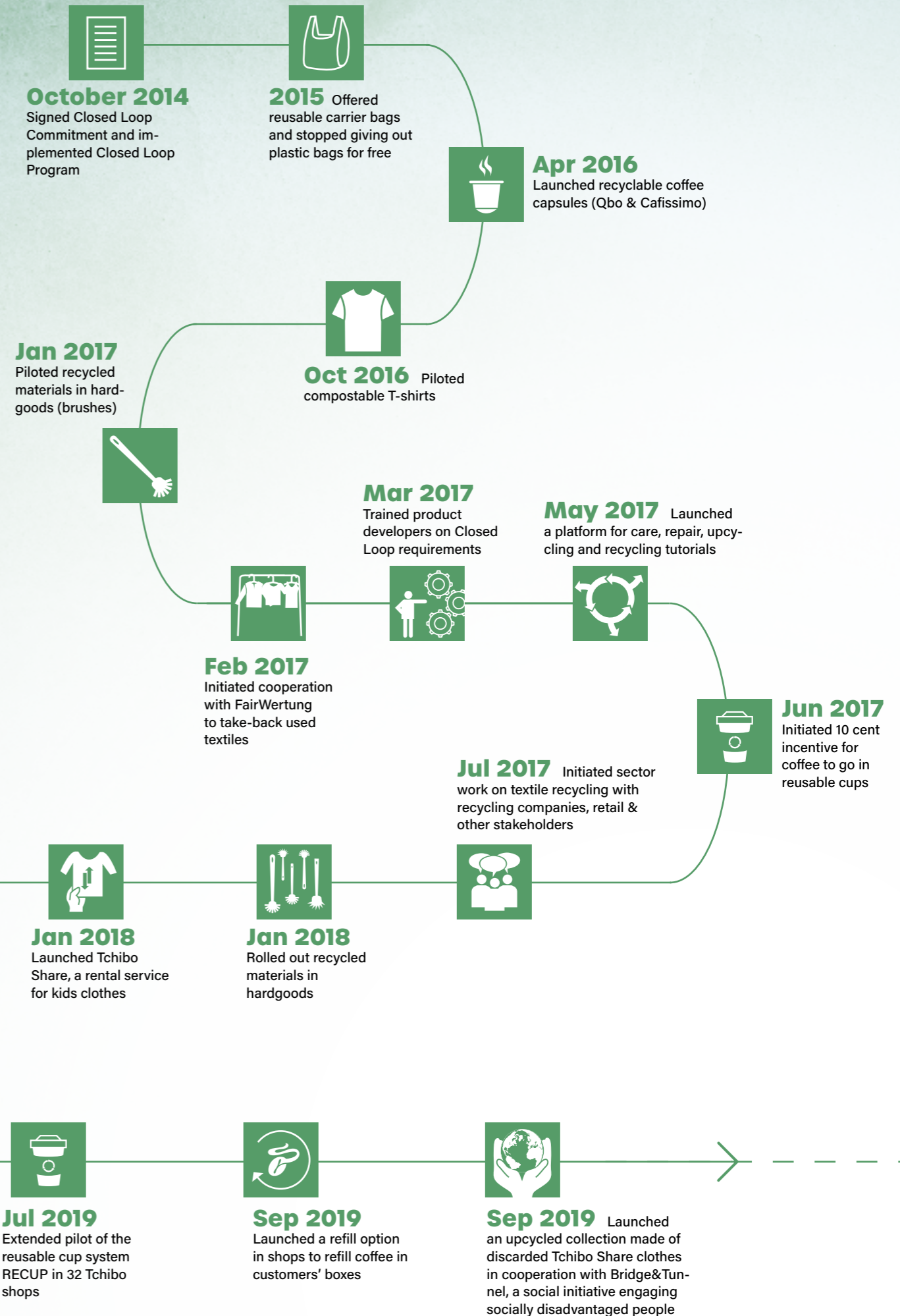
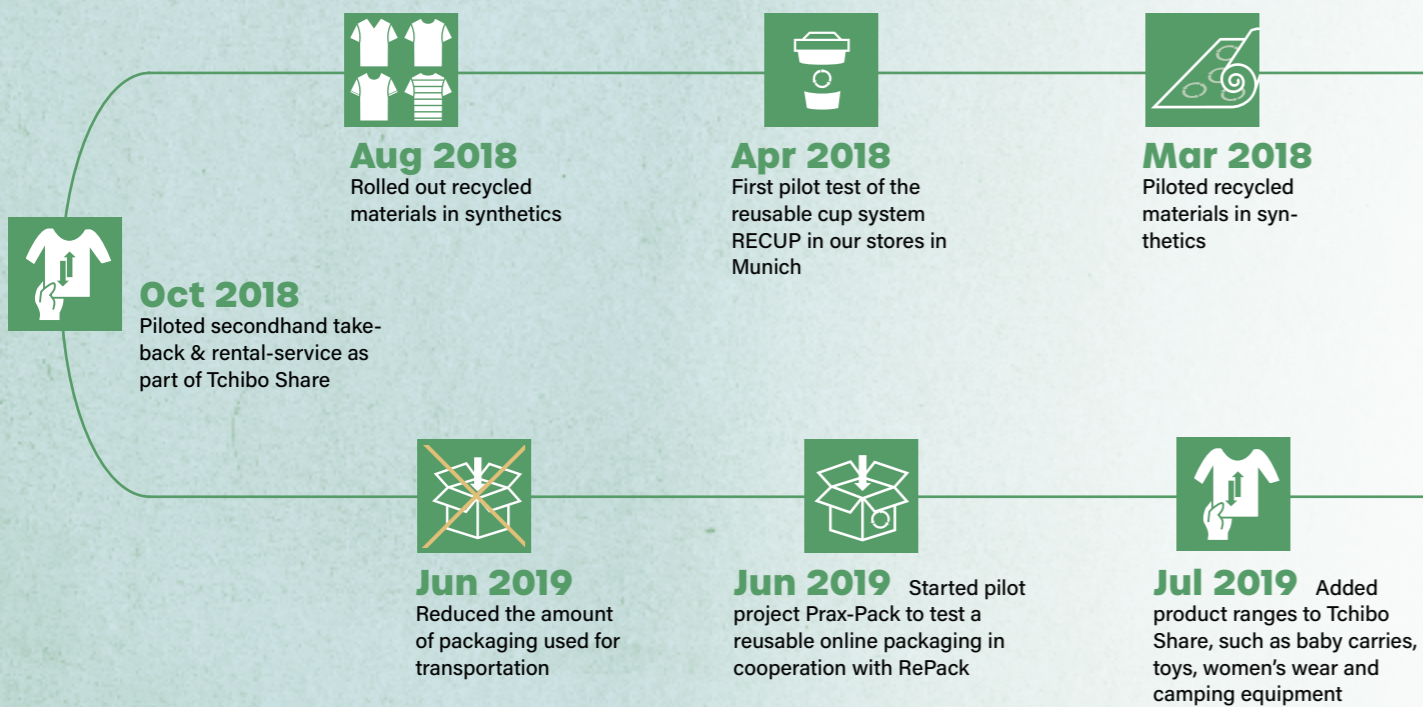
VIEW/DOWNLOAD: **Tchibo Closed Loop Commitment 2014**

“As a retail company we have the responsibility to drive solutions both for circular products as well as business models. We have to make sure that there might be end of use but no end of life.”

NANDA BERGSTEIN, DIRECTOR CORPORATE RESPONSIBILITY TCHIBO



Our Closed Loop Journey



MAKE, USE, RE- COVER –

This is
how we
do it!

One commitment — *many challenges. Pushed by the Closed Loop commitment signed with Greenpeace we started our Closed Loop journey in 2014. Tchibo aims at dealing responsibly with the resources in our products across the entire lifecycle. With the Closed Loop Program, Tchibo strives to close material cycles and inspire our customers to engage in sustainable consumption, thereby protecting valuable resources.*

When initiating our Closed Loop journey, we built upon the existing sustainability engagement of Tchibo which had already started integrating environmental and social requirements throughout our supply chains and products. Our aim is to ensure that materials as well as products can be used as long as possible within circular economies. We can tackle this along the lifecycle of our products by:

- choosing sustainable materials — 1) **MAKE**,
- extending the lifetime of products, through high quality production and by enabling reuse and repair — 2) **USE**,
- enabling recycling — 3) **RECOVER**.

The further we move away from our realm of control, which is designing and producing our products, the more challenging it gets to manage the impact. For true circular change to happen it is therefore important to collaborate along the entire supply chain.

It is still a long way to close the loop completely, but we are on the journey ...

Around **12** million recycled PET bottles in 2019
SOURCE: Textile Exchange

- Nylon Waste (carpets, fishing net, etc)
- Textile-Waste
- PET bottles
- Sustainable and recycled packaging

SUSTAINABLE ORIGIN of products and packaging



1) MAKE

Closing loops starts with the choice of materials which can be recovered from a previous process or by using materials our planet's ecosystems can regenerate in a natural way. We therefore focus on recycled and responsibly sourced renewable materials.

Sustainable textile and hardgoods materials

Our key priority is the improvement of currently fossil-based materials, such as synthetic fibers. The production of synthetic fibers requires non-renewable resources e.g. oil, which are finite. However, synthetic fibers are breathable, temperature-regulating, elastic, tear-resistant and abrasion-resistant. Often they are the best choice in many textiles such as raincoats, functional clothing and other outdoor clothes. In order to offer a more sustainable alternative to virgin synthetic fiber, we are constantly increasing the use of recycled materials. Thereby we use different waste stream sources, such as old carpets, fishing nets, textile waste or plastic bottles. While we want to improve

our impact on nature and counteract the increasing levels of environmental pollution caused by large amounts of plastic waste, we are well aware of the fact that recycled plastics are also controversially discussed due to their potential contamination and extensive treatment process. Therefore, all projects with recycled materials also have to pass our strict requirements in terms of quality and contaminants. Further, we track the impact savings reached by replacing virgin fiber.

Microplastic is another challenge of synthetic fibers that is being discussed broadly. No matter if recycled or virgin: during the production of synthetic textiles as well as while washing them, microplastic can be released into the air and water. In order to tackle this problem collectively we became a member of the Microfibre Consortium

at the beginning of 2020. With our participation we aim to find practical solutions to minimize the release of microfibers into the environment during textile manufacturing and during the product lifecycle.

Every material has a determined environmental impact. We are constantly confronted with sustainability trade-offs in our decisions. Whilst synthetics have to cope with the challenges mentioned above other fibers such as cotton cause immense water consumption. We keep these trade-offs in mind while deciding on a material and fiber strategy. In this case, we are convinced that using recycled synthetics fibers and enabling a second life to an already used resource creates an overall positive impact.

Besides recycled synthetics we implemented recycled plastics in our hardgoods assortments, e.g. by using production waste for our cleaning products. Further, we also offered products with recycled wool and glass. On top of that, we are continuously working on further recycled alternatives. By giving a second life to existing materials, we contribute to an increase in the market for secondary resources, which will reduce the waste of resources in the long run.

In 2019, we increased the use of recycled synthetics and plastics. In total, 45 textile products and 23 hard goods with recycled materials were produced.

By recycling around **12** million plastic bottles in our **472** textile products, we were able to save around **472** tons of CO2eq.

SOURCES: Textile Exchange, own calculations based on Shen L., et al. (2010) Resour Conserv Recy, 55 (1), 34–52



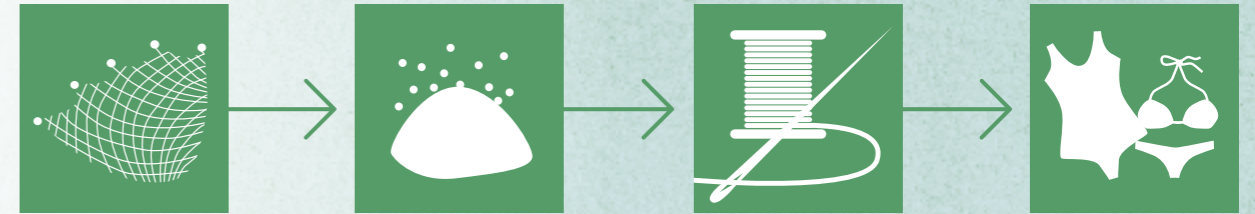
Around **12** million plastic bottles have been recycled for our textile products.

SOURCE: Own calculations based on Shen L., et al. (2010) Resour Conserv Recy, 55 (1), 34–52.



PHOTO: Ladies sports jacket made of 100% recycled textile waste.

Further, we recycled around **19** tons of nylon waste in our ECONYL® projects saving **116** tons of CO2eq.



1) Collecting and processing nylon waste, e.g. fishing nets

2) Cleaning and preparing nylon waste

3) Processing into yarn

4) Developing new products

SOURCE: Aquafil S.p.A.



PHOTO: Dishwashing brush with exchangeable brush heads, made with recycled polypropylene.

DID YOU KNOW?
Around **4.900 kg** of fishing nets were processed for the production of our ECONYL® projects in 2019.

For one **3/4** sport tights of our assortment in 2019 around **19** PET bottles were recycled.



SOURCE: Textile Exchange

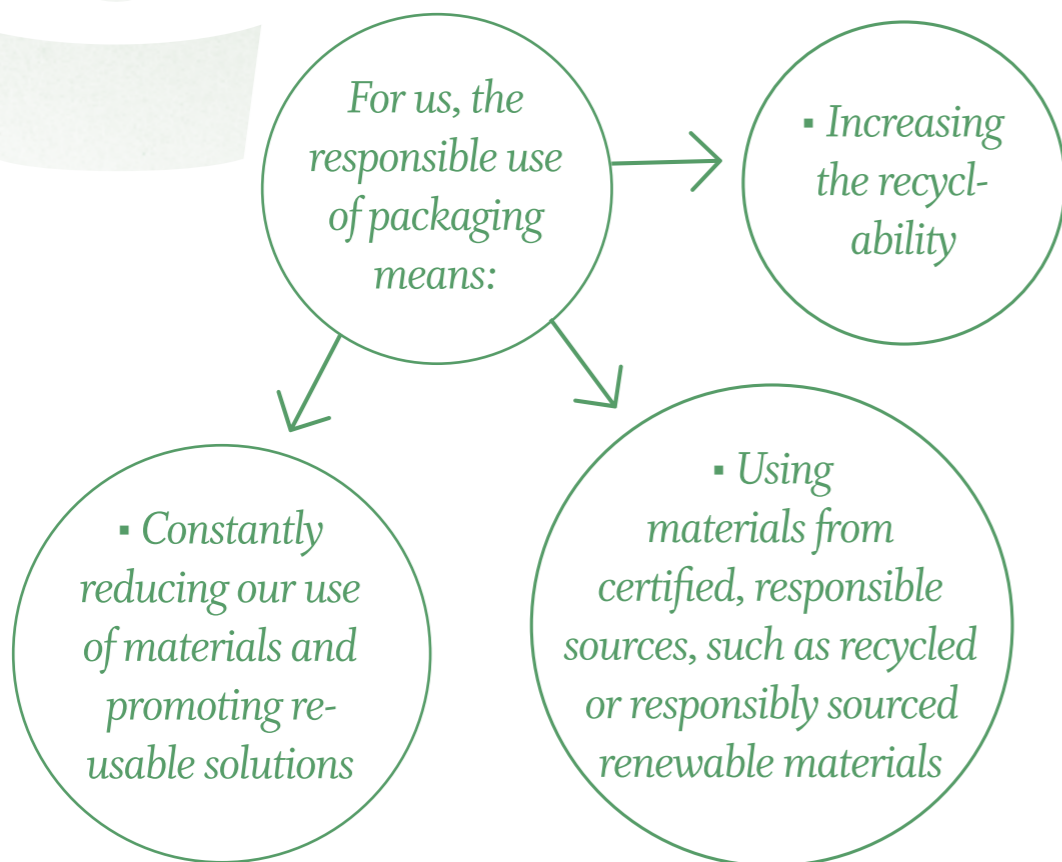
Besides recycled materials we use renewable raw materials from responsible sources, always considering the environmental impacts of material alternatives. In 2019, the high standard of products with responsibly produced cotton, sustainable cellulose-based man-made and Forest Stewardship Council (FSC®)-certified wood components was largely maintained. For more information, please see our Tchibo sustainability report 2018.

Packaging



Before our products can be used by our customers, they need to be safely transported and presented with a suitable packaging.

Germany produces almost 18.2 million tons of packaging waste every year, making it an "unfortunate" European leader. On the one hand, products have to be adequately protected during their long journeys from production sites to customers. On the other hand, we need to challenge ourselves, how much packaging is really necessary, and how little is possible. Does it have to be made of plastic, or are there ecologically viable alternatives? Can the packaging be recycled or reused?



We are **constantly cutting our packaging volumes** by using resource-saving packaging formats and reducing grammage per packaging material. In 2020 we started to avoid the use of plastic packaging for our textile products as much as possible. However, protective outer packaging is still required for a limited amount of highly delicate materials. Almost all of our consumer goods paper packaging is certified by the Forest Stewardship Council (FSC®). We have **increased the recyclability**

of our consumer goods packaging to 97 %. Since 2016, Cafissimo and Qbo coffee capsule ranges are also fully recyclable and licensed for the German packaging recycling scheme (Dual System). We are also protecting resources by reducing the amount of packaging used in our shops: We have introduced reusable cups for our takeaway coffee (with a 10-cent discount on hot drinks) and since 2019 customers can refill their own coffee box with coffee beans and roasted coffee.

Reducing and optimizing our packaging is not a sprint but rather a marathon. There are still many hurdles to tackle. For example, for delicate products like vacuum-sealed coffee, we cannot yet avoid the use of composite materials to ensure the desired

aroma and high product quality for our customers. We are working hard to develop resource saving solutions in this area as well.

Further information can be found in the Tchibo Sustainability Report.

[VIEW/DOWNLOAD: Tchibo Sustainability Report 2018](#)



“Finding the right packaging is highly complex. Besides requirements of product protection we have to consider the trade-off between different alternatives. We strive for the most sustainable packaging by implementing solutions for reduction and reuse, together with sustainable materials and design for recycling. Depending on the individual use case, plastic can be an alternative, if a correct disposal and recycling is ensured.”

JOHANNA VON STECHOW,
HEAD OF ENVIRONMENTAL RESPONSIBILITY, TCHIBO

2) USE

Our activities *not only focus on closing the loop but also on slowing down processes within the loop. In fact, extending a product's lifecycle has the biggest positive environmental impact. This includes high quality products that can be reused for a long time or solutions that enable reuse and prevent waste.*

Tchibo assortments are developed by our own product experts and produced exclusively for us, allowing us to influence the quality of each product from the beginning. Since 1949 we have been offering high quality at fair prices to our customers. By continuously carrying out quality controls we ensure that they comply to our high quality standards. To this end, our products are comprehensively tested both in-house as well as by independent laboratories. The TCM Seal shows that all criteria are met.

To facilitate a long use at our customers' homes, we provide tutorials for care, repair as well as for upcycling and recycling of our

products. On the platform (www.tchibo.de/nachhaltiger-konsum) our customers can find these tutorials on how to enjoy Tchibo products even longer.

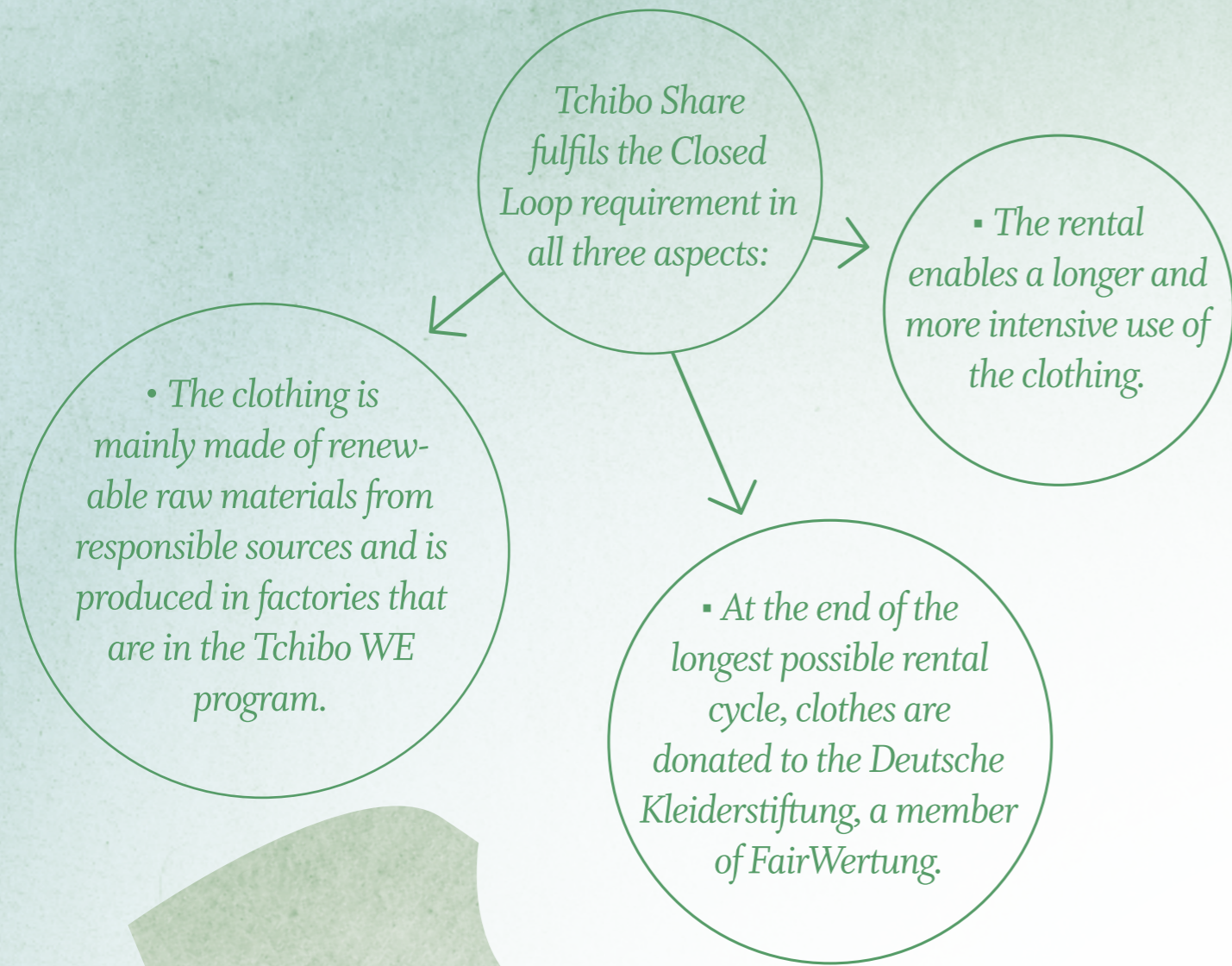
An important milestone with regard to extending use cycles was the launch of our online service 'Tchibo Share' (www.tchibo-share.de). Since January 2018 customers can rent sustainably produced kids' clothes, women's wear and other products for a more sustainable family life.

Tchibo Share enables to increase the lifecycle of products which are only used for a short time period, e.g. kids clothes. Tchibo Share also

provides insights on how this sustainable form of consumption can be implemented in the mass market and which effects it has on customer behavior and business processes.

Over the past two years various amendments have been tested and partially rolled out. The product range was extended from kids wear (tops, trousers, jackets, rainwear, bed linen, accessories) to children's toys, baby carriers, kids furniture as well as women's clothes and hobby equipment (camping,

kitchen machines). Services such as seasonal curated sets and a second hand take-back offers were added. In cooperation with Bridge&Tunnel, a social initiative engaging socially disadvantaged people, we launched an upcycling collection. Used products that did not meet our quality requirements and could therefore not be rented out anymore were upcycled to small bags and hairbands. Test customers and influencers provide continuous feedback on the development of our service.



Even though Tchibo Share receives great interest by customers, the development shows that it will take time until a rental service will be established in the mass market. Tchibo will continue experimenting how such a sustainable form of consumption can be implemented at a larger scale.

DID YOU KNOW?
85% of returned Tchibo Share products can be reused



3) RECOVER

Products and *packaging that the consumer does not need anymore contain valuable materials that can be recycled for new products.*

The end of use phase is the furthest away from our direct business and realm of control, as products might have already been used by customers for several years.

Closing the loop works best when products and packaging have been designed in a way that the materials used are recyclable at a high quality at the end of life. While we continuously strive towards the recyclable design of our products and packaging materials, we also have to work with the larger ecosystem. In practice, we can only close the loops if recyclable design is complemented with a recycling infrastructure which fits together.

Tchibo works towards sector improvements at different levels — from sharing expertise with cross-sector initiatives, playing a part in conferences and multi-stakeholder dialogues to cooperating with partners and working groups.

Over the past years, Tchibo engaged with the textile and plastic recycling industry, with initiatives tackling sustainable consumption as well as with stakeholders in the second-hand market.

The recyclability of coffee capsules and packaging, as mentioned above, has been developed in close cooperation with partners within the recycling industry to ensure that the materials can be collected, detected and recycled in practice.

To improve supply chains of recycled materials,

Tchibo works with the Recycled Polyester Round Table (rPET) working group of the Textile Exchange initiative.

In order to create customer awareness on responsible recycling of used textiles Tchibo cooperates with FairWertung e.V.. The association consists of over 130 non-profit members that collect used clothing according to social and ecological criteria (www.fairwertung.de). On our platform www.tchibo.de/nachhaltiger-konsum customers learn how they can return used textiles to FairWertung e.V. member organizations, what happens to the

clothing, and which social and ecological standards are applied in the process.

PHOTO: FairWertung Container & LOGO



„With Tchibo we have found a trustworthy partner who credibly engages in a Circular Economy, shaping new ways of reusing textiles and promoting FairWertung charity collectors.”

THOMAS AHLMANN,
MANAGING DIRECTOR FAIRWERTUNG E.V.



Outlook & Lessons Learned



Many insights *have been gained on our journey closing loops. Even though we have achieved great progress throughout the past years, there is still a long way to go to fully roll-out the Closed Loop approaches within the whole organization. Sarah Herms, Lead Manager Circular Economy at Tchibo, gives her personal view on the lessons learned inside Tchibo.*

What were early “wins”?

“To integrate recycled materials into our product range, we started by using recycled post-industrial polypropylene in cleaning brushes. Those were easy wins that could be produced by existing suppliers. It helped us and our suppliers to learn how to deal with recycled materials. For recycled fibers it took us longer to get moving. The integration was accelerated by a developing market for recycled materials as our suppliers were slowly receiving requests from other customers as well.

Regarding our partnerships and rental service development, it was very helpful that we are able to build upon our existing sustainability engagement and communicate our circular activities in a larger frame. It enabled trusted partnerships and positive public awareness for our activities.”

What challenges did you face?

“Even though Tchibo overall invests considerably into sustainability, it was difficult to convince internal stakeholders to invest capacities towards building up new processes and reliable supply chains: The topic is quite complex. The costs are difficult to anticipate and a return on investment not in sight. We also had to build up expertise while proceeding with the projects, i.e. we did not have all answers at the beginning.”

How did you overcome these challenges?

“Convincing relevant stakeholders emotionally and fact-based, for example by showing them the reason why and the long-term impact as well as creating ownership and allies within different business units are essential. The increasing customer relevance also facilitated this process and top management support.

In addition, we set up the rental service with the help of an external partner that allowed us to outsource new fulfilment processes and reduce the disruption of established structures within Tchibo. And in the end — you need perseverance and have to try over and over again.”

What would you say is the biggest driver of your success in this area?

“Create bottom-up and top-down support within the relevant business units and stay tuned to the long-term vision. Having sustainability on the top management agenda is a great driver.

Start, test, tolerate failures and start over again. Outsource if needed and create good allies with top management and relevant business units.”

How will the Closed Loop Journey continue?

“Looking back, we created a solid base to build upon. We observed how material topics are strategically integrated and scaled up in our product management, quality and purchasing departments. Moving further in the cycle towards use and recover and especially towards the question of how we can slow down and actually close the loop we still have a long way ahead of us to become fully circular. In order to take it to the next level we see high potential in the further development of Tchibo Share. We will continue to develop three areas in particular: new product assortments for the everyday life of young families, more visibility as well as new services. Further we will consider even more our extended producer responsibility at the end-of-use stage. For sure, there are a lot of projects in our pipeline, so stay tuned.”

Imprint

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