



DETOX
Progress Report
2016



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1. Detox Commitment as an element in sustainable business conduct

Since its founding in 1949, Tchibo has modelled itself on the ideal of an 'honourable Hanseatic merchant' to guide its conduct as a family-owned business. In 2006, sustainability became an integral part of the corporate strategy. The vision: 100% sustainable business operations, in which legitimate expectations in the environmental, social and business sectors are balanced as best as possible. In the medium to long term, Tchibo is guided in this by the United Nations Sustainable Development Goals and takes the impact of its business activity into account in its actions – and of course this also goes for the global supply chain of its products.

By signing the Greenpeace Detox Commitment in October 2014, Tchibo reconfirmed its commitment to resource-conserving and eco-compatible raw materials and materials processing: the goal is to minimize the use of hazardous chemicals in textiles production.

Tchibo is the world's third-largest user of certified organic cotton. More information about this is available online at

<https://www.tchibo.com/servlet/content/1173324/-/pid=310330/starteseite-deutsch/presse/presseinformationenpi-bio-cotton.html>

In the certified organic cultivation of cotton, the use of dangerous pesticides is completely eliminated. The standards Tchibo uses, including Global Organic Textile Standard (GOTS), and Lenzing fibres minimise the use and emanation of hazardous chemicals in the downstream production of textiles.

However, these standards are only one element in minimising the use of hazardous chemicals in production, as they cover only certain fibres or steps in the value chain.

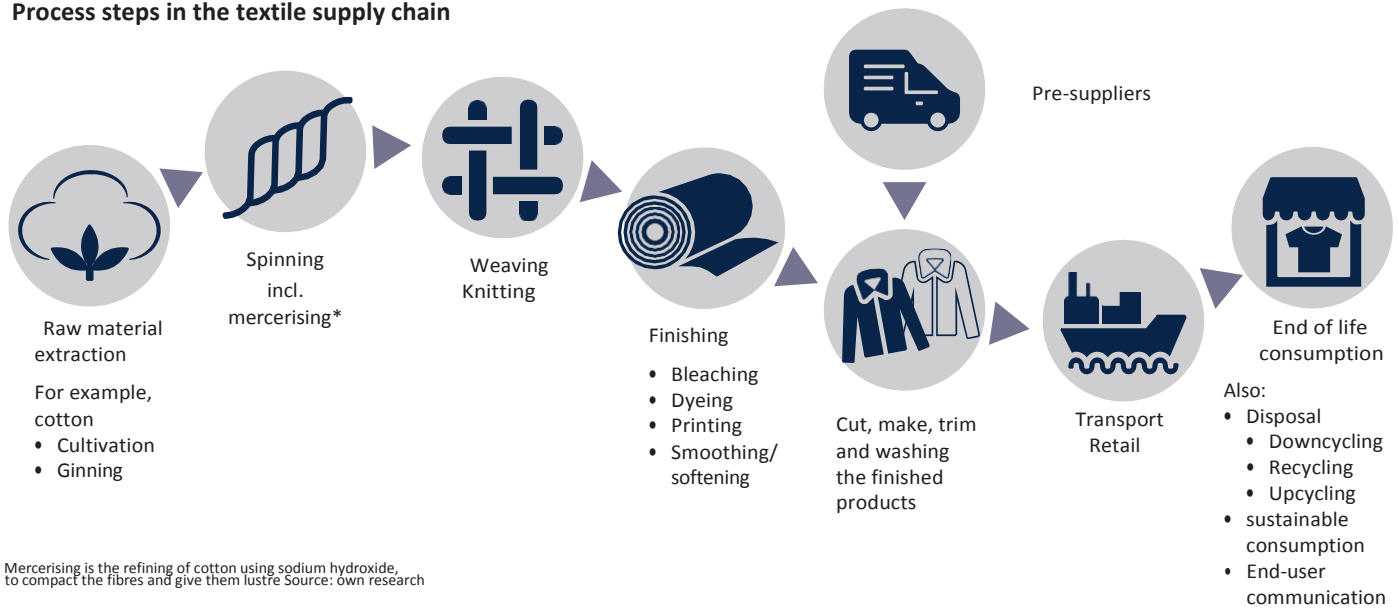
The implementation of the Detox Commitment as the most comprehensive approach to detoxifying all wastewater-relevant processes in the textile chain goes beyond the use of individual standards.

The main tasks arising from the Commitment are to:

- develop and maintain a Manufacturing Restrictive Substance List (MRSL), which specifies for Tchibo suppliers which hazardous chemicals are no longer allowed to be used
- increase transparency in the textile supply chain, and publish information on questionable ingredients in wastewater from production
- provide supportive measures, such as training at supplier level
- close material and product cycles even beyond the end of the product's use by the customer (Closed Loop)

The Commitment thereby encompasses the entire textile value chain with a focus on processing (Detox) and raw material production and end-of-life consumption (Closed Loop).

Process steps in the textile supply chain



This report covers Tchibo’s project activities and progress in 2016 on its path to clean textile production and to closing material and product loops.

If you have questions or comments, the project team will be happy to take them at detox@tchibo.de.

2. Overview: Progress in 2016

In the key areas of responsibility arising from the commitment, Tchibo made the following relevant progress in 2016:

The chemicals-related requirements for the suppliers, in the form of a production-related **MRSL**, were continually developed again in 2016. For this purpose, priority areas of application for hazardous substances have been identified in order to be able to eliminate or replace them. Concurrently, as a member of the Partnership for Sustainable Textiles, Tchibo supported the adoption of common minimum requirements for an MRSL. This standardises the procedure for integrating Detox requirements into supply chains across the sector.

Beyond this, Tchibo's suppliers are already subject to more stringent requirements, such as a complete ban on all PFCs in water-repellent finishes in clothing fabrics, and a complete

ban on flame retardants in the production of Tchibo articles. **Screening** allows for identifying other hazardous substance groups in the production process, and for measures to be taken at an early stage.

The **transparency of the supply chain** was systematically enhanced during the reporting period. The transparency of the supply chain is systematically enhanced during the reporting period. 126 ‘wet processing units’ were identified that were involved in the production of 86% of all textiles sold in 2015. In the textile production process, wet processing units are responsible for especially water- and chemical-intensive working steps such as dyeing, bleaching and refining. One in five wet processing units is located in the production facilities of direct business partners and producers.

Since the signing of the Detox Commitment, wastewater testing by independent test institutes has been carried out at all wet processing units at least once. The results show that some of the eleven priority pollutant groups occur relatively frequently, while others are relatively rare. It also emerged that in many cases, the fresh water is already heavily polluted (see chapter 4.)

The template developed by Tchibo for a **chemicals inventory** forms the basis for establishing a chemical management system for suppliers, in order to achieve both a high level of occupational and environmental safety and a successive substitution of hazardous chemicals.

As a **supporting measure**, Tchibo has tested and optimised approaches to implement Detox requirements with a group of strategic **suppliers** that manufacture more than 47% of the textiles produced for Tchibo. They include on-site training and workshops involving external experts, as well as helpful documents including a Detox Manual for suppliers. Tchibo follows a 'clean factory' approach that ensures that not 'only' the production for Tchibo is optimised, but that the producer changes its processes comprehensively and permanently.

To **promote on-site advisory services**, in 2016 Tchibo teamed up with the REWE Group and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to devise and adopt a qualification programme for chemicals- and water-intensive production areas. As part of this project, local experts are trained in Bangladesh and China, who then support 110 production plants in the establishment of a chemicals management system.

The structures and training concepts developed for this purpose are to be made available to other interested companies and thus contribute to an improvement in the industry. The project will run for three years and has a volume of 2.3 million euros. The private sector contribution amounts to 53%.

It has emerged that more complex problems arising from the commitment cannot be solved by individual actors alone. To successfully implement the Detox targets, it is necessary to create ambitious, consistent framework conditions across the textile industry. With this in mind, Tchibo has teamed up with other stakeholders in the **Partnership for Sustainable Textiles** and other **cross-sector initiatives and collaborations** to develop solutions for putting the ambitious Detox targets into action, and is in dialogue with accredited laboratories and testing institutes.

During the 2016 reporting period, Tchibo piloted the implementation and testing of **closed-loop material and product cycles** even after the end of the product's use by the customer. For instance, a recyclable men's shirt was included in the range, the capsule product range was converted to recyclable capsules, and services were offered that enhance the longevity of the products. Tchibo is also working with partners on the structural improvement of closed-loop-oriented supply chains at the sourcing and recycling stages. The integration of Tchibo's Closed Loop approach into the assortments and its marketing, as well as the work in the sector, will be continued and intensified in 2017.

3. Restricted and Green Substances

3.1. Manufacturing Restricted Substances List (MRSL)

For Tchibo, the quality of the products it offers is an essential part of the brand, which is why the Tchibo quality criteria are contractually agreed with the suppliers for each product. They include the exclusion of risk to customers from substances hazardous to health as well as the exclusion of environmentally hazardous chemicals. Each product and its components are chemically analysed and reviewed for compliance with the requirements before sale.

Tchibo reviews and updates the requirements for chemicals in its products and production at least once a year and then actively notifies its suppliers of any changes. This includes requirements for the finished product (restricted substances lists/RSL) and, since 2015, their production (manufacturing restricted substance list/MRSL).

https://www.tchibo.com/servlet/content/1119122/-/starteseite-deutsch_en/tchibo-unternehmen_en/verantwortung_en/gebrauchsartikel_en/detox_en.html

There is a controversial national and international debate in the textile industry regarding the number of chemicals to be substituted and their limits in companies' MRSLs. Tchibo therefore welcomes the fact that the Partnership for Sustainable Textiles, of which Tchibo has been a member since 2015, has agreed on a minimum standard: the ZDHC (Zero Discharge of Hazardous Chemicals) initiative's MRSL is considered the common minimum standard.

Tchibo supports these common minimum requirements as a starting point for the industry, but its own requirements go beyond them.

For example, even before 2016 Tchibo completely banned all PFCs (perfluorinated chemicals) for water-repellent finishes in outdoor clothing fabrics, as well as all flame retardants in the production of Tchibo articles. To fully implement the PFC ban for the aforementioned article group, Tchibo developed an internal evaluation process and, based on its results, nominated PFC-free equipment which has been used regularly for Tchibo articles since 2013 (see chapter 3.3). In the year under review, Tchibo and its suppliers worked on utilising more of the capacity of wet processing units to

produce PFC-free Tchibo articles, thus promoting a 'clean factory' approach and avoiding unintentional contamination of articles with PFCs. Transparency is crucial to successful implementation in the supply chain (see chapter 4).

In addition to monitoring the use and fields of application of the individual substances listed in the MRSL, Tchibo addresses the detection limits of the substances in wastewater, wastewater sludge, leather, and textiles. There is extensive consultation with specialist laboratories to define reproducible detection limits, with the aim of enabling consistent samples, ensuring the informative value of the tests, and avoiding unnecessary analyses.

In addition to the tests carried out at the supplier (see chapter 4), Tchibo also checks the implementation of the MRSL in the finished product. Materials known to use hazardous substances in production are chemically analysed as a priority in order to be able to initiate corrective measures if necessary.

For example, it was tested whether the medium- and long-chain chlorinated paraffins addressed by Tchibo in the MRSL are used in leather articles. The results of the product samples gave us reason for confidence: none of these hazardous substances was detected. This result brings Tchibo a step closer to eliminating all hazardous substances.

3.2. Chemical Inventory and Screening

For Tchibo and its suppliers, it is crucial to know the effects of chemicals, raw materials, and also of the type of machinery used in production.

The basis for this is the best possible use of an input management system. To develop such a system, Tchibo tested workable database systems and professional chemical screening systems, so as to be able to properly record and process the collection and evaluation of the myriad relevant data on chemicals and environmental parameters.

By producing instructions for creating a chemical inventory, Tchibo has developed a key tool for screening and thus for the identification and elimination of hazardous chemicals. It involves surveying production-relevant indicators, information about the substances listed in the MRSL, and the potentially hazardous, intrinsic properties of other substances or alternative chemicals. The latter include substances with the following characteristics:

- carcinogenic, mutagenic and reproductive toxic substances (CMR)
- persistent, bioaccumulative and toxic substances (PBT)
- very persistent and very bioaccumulative substances (vPvB)
- endocrine disruptors (ED)
- substances with properties of equivalent concern

Substances that have one or more of these properties are examined in detail to determine whether the substance is to be included in the MRSL. As a basis, Tchibo may, for instance, use an existing statutory regulation on the classification and labelling of chemicals.

Substances which do not possess any of these traits and for which it has been proven that they have undergone all the chemico-physical, toxicological and ecotoxicological testing, are considered for inclusion in a given sector's 'Green Chemicals List', i.e. a list of desirable substances.

In principle, only substances for which no hazardous traits were identified and no relevant data gaps exist regarding intrinsic hazardous traits, can be included in the Green Chemicals List. Quality aspects of the respective production are also considered in the assessment. For example, if one of several manufacturers uses contaminated raw materials in its production, the chemical no longer meets the requirements of a 'green chemical'.

Due to the high level of complexity of this topic, Tchibo has decided not to create its own Tchibo Green Chemicals List for the time being. However, Tchibo does contribute its experience and expertise to specialist task forces (for example, the Partnership for Sustainable Textiles chemicals working group) in order to promote a sectoral approach, to help shape it, and avoid 'regrettable substitutions' (the replacement of one hazardous chemical by another hazardous chemical).

3.3. Elimination and Substitution/Case Studies

The wastewater investigation results, for example, show that the complete elimination of APEOs (Alkylphenol ethoxylates), which are introduced by contamination e.g., often still requires action. A long-term and systematic implementation of the use of alternative chemicals, and the verifiable elimination of the use of priority substances, is a major challenge.

Tchibo and its suppliers have succeeded in initiating a successful substitution of hazardous chemicals in several cases. The results of the substitution of hazardous chemicals were submitted to the Hamburg coordination office, which is responsible for the website subsport.org, in the form of case studies in December 2015. These case studies list examples of how the priority chemicals can be replaced by less hazardous chemicals. The case studies can be used by other companies and producers to help them select suitable chemicals. Any substitution carries the risk that manufacturing processes must be drastically changed, or that technical, qualitative or functional properties of the finished material are impaired, so this should be considered during implementation. Tchibo included these experiences in the case studies as well.

One successful example is the replacement of PFCs (perfluorinated chemicals), which are used, for example, to impregnate outdoor clothing against dirt and moisture. Because of their environmental properties, Tchibo had already started eliminating these chemicals from outdoor textiles and replacing them with structurally effective impregnations, such as ecorepel®, prior to signing the Detox Commitment.

Tchibo used its own screening processes for the substitutes mentioned in the case studies, and consulted relevant databases to ensure that these substitutes do not exhibit any of the aforementioned hazardous intrinsic properties (CMR, PBT, vPvB and ED). Two of the 11 case studies drawn up to date were published on subsport.org in 2016, following a review by the Hamburg coordination office.

For more information on the APEO/AP and PFC case studies, see:

<http://www.subsport.eu/case-stories/418-en>

<http://www.subsport.eu/case-stories/420-en>



4. Transparency in the supply chain and wastewater testing

One of the first challenges in the Detox project was to identify the sub-suppliers that use water and chemicals on a large scale (wet processing units). While the majority of Tchibo's direct suppliers are Ready Made Garments factories that cut, make and trim, the Detox-relevant sub-suppliers – the plants that handle refining, bleaching or dyeing – are mostly in the upstream supply chain.

Since signing the Detox Commitment, Tchibo has systematically created transparency about the relevant wet processing units in its textile value chains. For the 2015 sales period, 126 wet processing units were identified,

which were involved in the production of about 86% of all sold textiles. One in five of the identified wet plants/-processes are located in the production plants of Tchibo's direct business partners and producers. These are usually wet processes in fully vertically integrated textile companies, which carry out all steps from spinning the yarn to the weaving/knitting of fabrics and the finished textile. Meanwhile, about 80% of the wet plants/-processes are at upstream subcontractors, which purchase ready-to-weave/knitted fabrics, further process them, and then deliver them to the production sites (CMT). The following map provides an overview of the geographical location of all identified wet processing units:



Source: own research, as of 31 Oct 2016

For competitive reasons, Tchibo publishes its supplier relationships only in justified individual cases: Tchibo has spent ten years investing in the improvement of environmental and social standards in the production plants. However, we do provide the international umbrella organisation IndustriALL Global Union with a list of suppliers and are working on making it available to other civil society organisations on request, as external feedback on the performance of the facilities in which Tchibo products are manufactured is important for the work of improving standards.

Tchibo also makes its supplier lists available whenever companies want to cooperate constructively – for example, in the Bangladesh fire safety agreement or in individual Ethical Trading Initiative initiatives.

The overview currently lists the direct suppliers, but in future, Tchibo will expand the list to include the preliminary stages of the supply chain.

In the case of all 126 wet processing units identified, wastewater samples were taken and analysed by independent testing institutes (e.g. Intertek, SGS, Bureau Veritas) at least once between the signing of the Detox Commitment and the publication of this report. Here, Tchibo works closely with the commissioned testing institutes to ensure the comparability of the measurement results and to increase their informative value. This applies in particular to the respective detection limits as well as the scope of substances included in the wastewater and sludge tests. The tests need to be further harmonised in future to improve the comparability of the data.

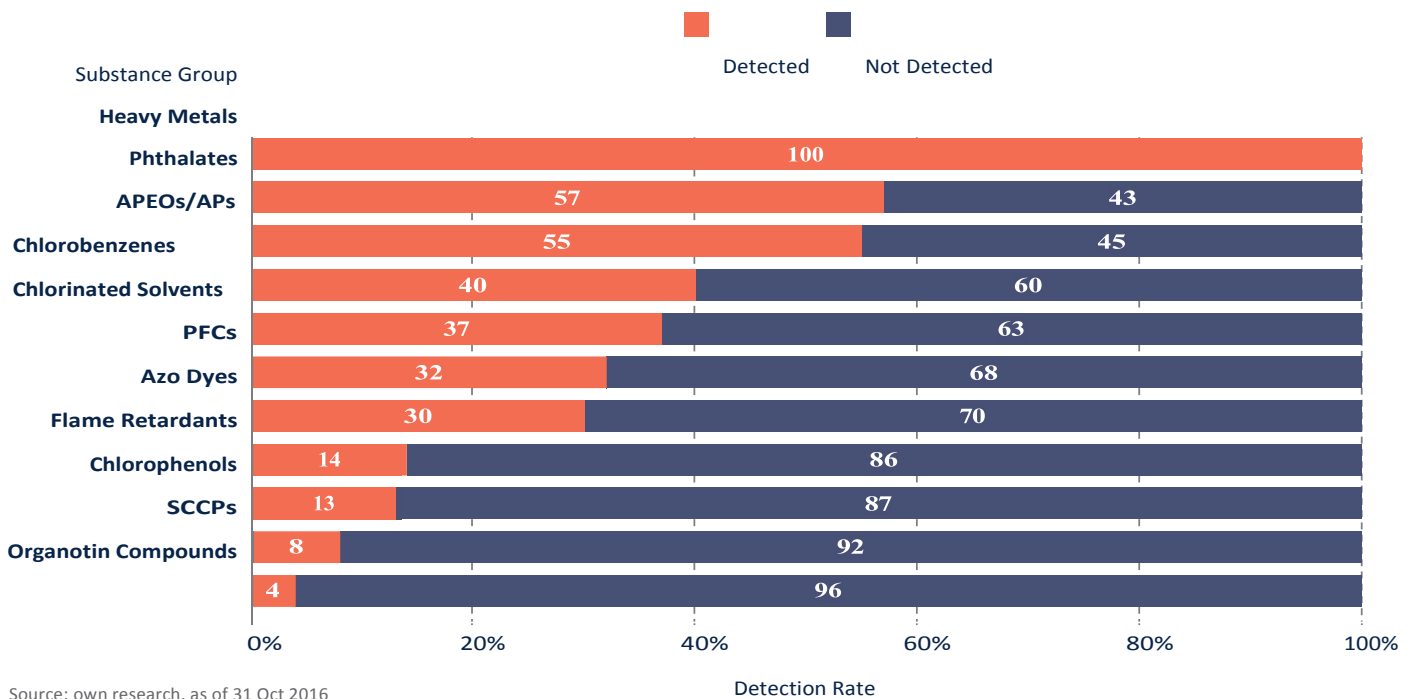
The results of the wastewater and sludge tests carried out to date show that:

- There is evidence of all eleven priority pollutant groups
- The fresh water is already polluted by many of the eleven priority pollutant groups. This can partly be explained by natural background presence of heavy

metals, for example, but it can also be traced back to contaminated industrial and household wastewater

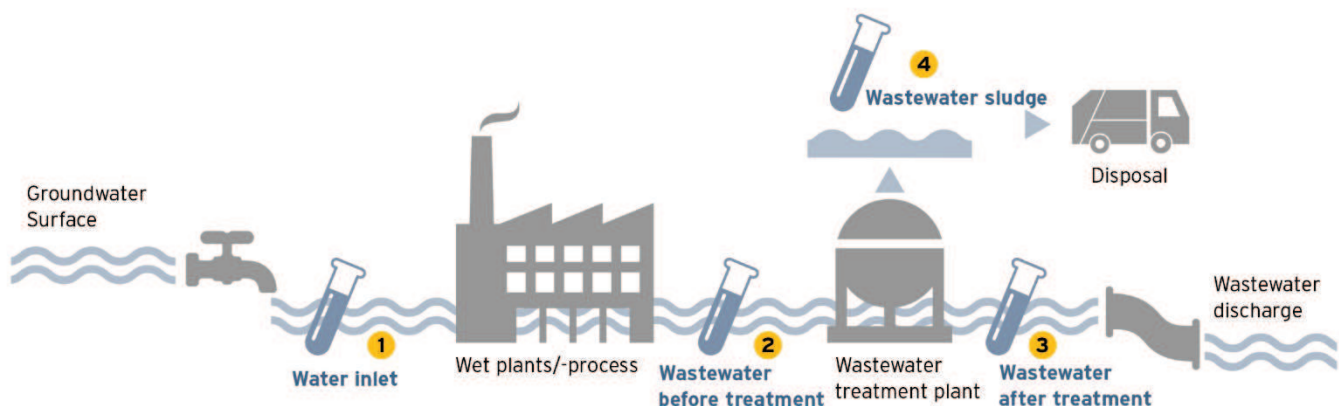
- contaminated wastewater often cannot be completely cleaned through wastewater treatment water. At several wet processing units there was evidence of the eleven priority pollutant groups not only in the wastewater sludge, but even in the treated wastewater
- no suitable waste disposal facilities exist for the disposal of hazardous wastewater sludge (e.g. professional combustion) in some regions

The following chart shows the detection rates for all eleven priority pollutant groups on the basis of around 200 analysed samples (as of 31 Oct 2016). Important: the results presented only indicate whether a pollutant group was identified based on the respective laboratory's best available measuring methods. However, they do not enable direct conclusions to be drawn about the actual concentrations of pollutants in the samples taken.



The samples taken are primarily taken from of treated wastewater and sludge taken during normal operations at the respective wet processing units. In individual cases, mixed samples were also taken and untreated wastewater

as well as fresh water was analysed. The following chart schematically illustrates the water cycle of a wet processing unit as well as possible measuring points for wastewater and sludge tests.



To avoid unnecessary duplicate testing and duplicate audits at production plants and upstream wet processing units, Tchibo also accepts wastewater and sludge tests commissioned by suppliers, wet processing units or other companies. However, only if they meet Tchibo's requirements (e.g. independent laboratories, test scope, best available measuring methods).

If wastewater and sludge tests indicate increased concentrations of contaminants, Tchibo asks its business partners to carry out a thorough analysis of the causes, and to work on substituting the pollutants in question. In cases where business partners repeatedly fail to meet these requirements, Tchibo reserves the right to terminate the

contract and/or business relationship as a last resort. In order to support producers in substitution, Tchibo actively provides them with information materials and training programmes and is systematically expanding these activities (chapter 5).

Moreover, in accordance with the 'right to know' principle, Tchibo expects its business partners to ensure that the results of the wastewater and sludge tests are entered in the Institute of Public and Environmental Affairs (IPE) database. As of 31 Dec 2016, the wastewater and sludge tests of 24 wet processes were on the IPE database. More information is available at <http://wwwen.ipe.org.cn>

5. Supporting measures for suppliers

5.1. Written aids: manuals and technical documents

Tchibo offers its suppliers help with implementing the sometimes complex and ambitious requirements.

In 2016, Tchibo defined the requirements for its suppliers and subcontractors in a Detox Supplier's Manual, which also contains important information on implementing the requirements. Link to download:

http://www.tegewa.de/uploads/media/Azofarbstoffe_gemaess_TRGS_614_TEGEWA.pdf

Tchibo also provides technical documentation as needed, such as a template for a chemicals inventory, and a comprehensive list of dyes and pigments (colorants) that are known to cleave into carcinogenic aromatic amines but are still available on the world market. The list facilitates a proactive exclusion of these colouring agents.

http://www.tegewa.de/uploads/media/Azofarbstoffe_ge-maess_TRGS_614_TEGEWA.pdf

5.2. Training

However, the mere definition of requirements and written support alone does not sufficiently ensure their implementation by suppliers. Instead, the operations, including those at all the preliminary stages, must be put in a position to assume responsibility independently and competently.

Tchibo supports companies and their management with training, tutorials and coaching. By the same token, this exchange helps Tchibo identify the practical challenges that arise from the set requirements and need to be mastered. This information can be used in further developing the Tchibo standards and improving the qualification offers. Tchibo's basic principle in selecting the training measures and content is the 'clean factory' approach, which aims to effect a lasting change across all production processes. This is the only way for the production companies to achieve the necessary process reliability, and actually conserve natural resources long-term.

Work on implementing the Detox requirements continues in pilot projects with strategic suppliers and their upstream sub-suppliers who represent more than 47% of the textiles purchasing volume. Tchibo supported 18 suppliers in preparing inventory lists of the chemicals and chemical preparations they use; in obtaining technical specifications on the chemicals used; and in evaluating and assessing the information obtained. As a result, gaps in the available data were revealed, hazardous substances identified, and measures taken to exclude them from the production process.

Tchibo employees and external experts visited five companies (direct suppliers and their sub-suppliers) in a second pilot group for a stocktaking over several days. The production processes and chemicals used were examined and the suppliers' local employees were given training. Measures, along with timelines for their implementation, were specified in corrective action plans.

It became clear once again that implementing the Detox programme is a challenging process. However, the first company visited was able to implement almost all of the measures rated at priority 1 and 2. The other suppliers also implemented key measures from the corrective action plan. Additional on-site visits will serve to further monitor and support the implementation of measures in 2017.

5.3. Supplier training programme as strategic alliance with GIZ and the REWE Group

During the performance of the activities, it emerged that many suppliers and their sub-suppliers depend on

consulting services to implement a systematic, comprehensive chemicals management. However, there is often a lack of these services and of local networks. Tchibo contributes to the establishment of such structures in a public-private collaboration – a 'strategic alliance'. A training programme for detox consultants and trainers is currently being developed as part of this collaboration, sponsored by the German Federal Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and the REWE Group. To this end, a concept was developed in 2016 that was approved by the BMZ as a develoPPP.de programme.

The BMZ's support enabled the necessary budget of 2.3 million euros to be raised. The private (i.e. business) sector will contribute 56% of this. The aim of the project is to create local advisory structures in China and Bangladesh and to help producers develop their own Detox-oriented chemicals management. In cooperation with local organisations, experts will be trained who then provide practical support to companies in substituting hazardous chemicals. A total of 110 producers are to be trained and advised in workshops and on-site training. The advisory capacities created during the project will be available to the entire industry after the pilot phase. The project also aims to stimulate an exchange of information with public authorities, educational institutions, and other stakeholders in the production markets, as well as – if there is interest and as needed – provide input for legislation in this connection. With these efforts, Tchibo and the other project sponsors seek to fundamentally improve the framework conditions for detoxifying the entire textile industry.

6. Closing materials and product cycles (Closed Loop)

6.1. The 'Closed Loop' approach as part of Tchibo's sustainability management

In addition to eliminating hazardous chemicals, a responsible treatment of resources is a key component of Tchibo's sustainable approach. Tchibo is working on material cycles that better preserve global resources and make consumption more sustainable. In 2014, Tchibo reaffirmed this aspiration by signing the Greenpeace Detox Commitment.

Tchibo focuses on the entire lifecycle of products: from raw material extraction to the product's manufacture and use, to recovery. Products are not worthless simply because the consumer has finished using them – they contain valuable materials that can be used for new products. Where possible, products and material circuits must therefore be designed from the outset in such a way that the materials they contain are recovered for reutilisation at a higher or at least equivalent level after use.



Source: own research

Tchibo has set itself the goal of providing all products with a 'basic Closed Loop fit' by 2020 and also to inspire its customers with particularly innovative Closed Loop products.

A 'basic Tchibo Closed Loop fit' exists when

- **recycled materials/recyclates** or **renewable raw materials from responsible sources** are used in manufacturing the products
- the products are **durable** or
- the products are **recyclable**, i.e. can be turned into marketable recyclates, and there are ways to recycle these products

The use of recycled materials is a key element for closed materials cycles - because new recycling technologies can only break through economically and become established on the market through demand for recycled materials.

In the short term, the durability or long-term use of products is the most important lever for protecting the environment protection and conserving resources. The longer a product is used or the more frequently it is reused, the fewer raw materials have to be extracted or added for subsequent or replacement products. This also includes the provision of spare parts or repair services for essential product components.

Recyclable products are products whose recyclability is considered even at the development stage, and which can therefore be recycled at a later stage. In addition to the composition and separability of the materials used in the products, particular attention is paid to the existing collection and recycling infrastructure for the products. Recyclable products can only be recycled and fed back into the loop if a suitable infrastructure is given.

The appropriate approaches for each product category were identified in a potential analysis. You can read the Closed Loop Status Report 2016 at:

www.tchibo.com/servlet/cb/1156668/data/-/ClosedLoop-Statusbericht2016.pdf They are currently being fine-tuned for each product category with the Product Management, Quality Management and Purchasing teams, and the corresponding product requirements are being translated into Closed Loop guidelines. Actively participating in the development of the guidelines effectively anchors the necessary knowledge in the various divisions.

The extent to which extensions or adjustments of the Tchibo business model can help promote new forms of consumption such as sharing (instead of owning) is also being examined.

6.2. Closed Loop Status Update

In the reporting period 2016, Tchibo carried out pilot projects for the three Closed Loop approaches outlined above, to generate insights for their further development and expansion.

Tchibo has already achieved a great deal in the **production of renewable raw materials** from responsible sources: more than 80% of the cotton used in the clothing and home textiles ranges came from sustainable sources in 2016, including products certified according to the Global Organic Textile Standard (GOTS).

A pilot project that not only involved the use of renewable materials, but that also optimised all of the product's lifecycle phases from a Closed Loop perspective was the **recycling-optimised men's T-shirt** offered in October. The shirt is GOTS-certified, ideal for recycling, and biodegradable in case of inappropriate disposal. Instead of a nylon, a Tencel sewing thread based on wood and a biodegradable dye was used.

Other pilot projects tested the **use of recycled fibres for textiles** in the sports and outdoor sectors. The results showed that sourcing high-quality recycled fibres and yarns is still a challenge for many suppliers.

So Tchibo initially developed the necessary supply chains starting from the manufacturers of recycled fibres. Building on that, in the next step recycled fibres can be processed for Tchibo textiles.

Tchibo promotes the **durability** of the products it sells through high quality standards as well as by providing services that allow the products to be used for longer. For instance, Tchibo has nominated a renowned high-quality manufacturer for zip fasteners, from which Tchibo exclusively sources the zip fasteners used in its textiles. For many products, especially those of a technical nature, guarantees and warranty periods are offered that go beyond statutory requirements – often over three years as compared to the legally prescribed two years. In addition, spare parts, e.g. for furniture, can be ordered separately in order to avoid having to replace entire products. For expensive products such as watches or valuable jewellery, Tchibo offers its customers a repair service. Another service frequently used by customers is the online library of operating manuals, some of which also include helpful care tips: www.tchibo.de/anleitungen. Tchibo provides additional material-related care instructions for its customers through its online shopping consultant: www.tchibo.de/tipps-ratgeber-s400007918.html

An important milestone in the supply of recyclable products was converting the Cafissimo capsule range to recyclable capsules, and the recycling solution that was found for the Qbo capsule product range. The communication of recyclable capsules was linked with that of products made from recycled materials, to illustrate and make customers aware of the importance of closed-loop thinking and motivate them to recycle, see also <http://blog.tchibo.com/aktuell/recycling-warum-sich-cafissimo-kapseln-in-dino-spulbursten-verwandeln-konnen/> and

<http://www.tchibo.de/nachhaltigkeit-bei-tchibo-cafissimo-c400071507.html>

The reporting period 2016 also saw the preparation of further pilot projects that are to be sold or launched in 2017 and will be extensively covered in the next Tchibo Progress Report. For example, household products made from **recycled plastic**, which Tchibo offered to its customers in January 2017, or **services** that promote a **longer use of the products** and will soon be available from the Tchibo webshop. Building on the existing services to prolong the useful life of products, this raises customer awareness of sustainable consumption as Tchibo demonstrates the options of long-term use and ecologically sensible re-utilisation. To achieve the widest possible impact, Tchibo will use customer communications measures in its webshop.

Beyond adjusting its assortments and services, Tchibo actively supports the improvement of Closed Loop-oriented **return and recycling systems**, through approaches such as:

- Consumer friendliness: return systems must be easy to get to and free of charge
- Communications: the importance of proper recycling and the further use and reuse of returned products must be communicated to the customer
- Using the textiles and sales proceeds to benefit the common good

With this in mind, Tchibo is working on a structural improvement of collection and recycling systems, in close cooperation with disposal and recycling service providers as well as industry experts, e.g. for coffee capsules, electrical appliances and textiles. In textiles, since February 2017 Tchibo has collaborated with the FairWertung e.V. umbrella association of over 120 non-profit member organisations



that offer clothes collections based on social and ecological criteria (www.fairwertung.de). Work is also underway on other measures to improve textile recycling processes, which will come to bear in 2017.

This approach is based on insights that Tchibo gained from analysing existing textile-collection and -recycling systems in Germany. For further information, see the Closed Loop Status Report 2016 at <https://www.tchibo.com/servlet/cb/1156668/data/-/ClosedLoopStatusbericht2016.pdf>

7. Outlook

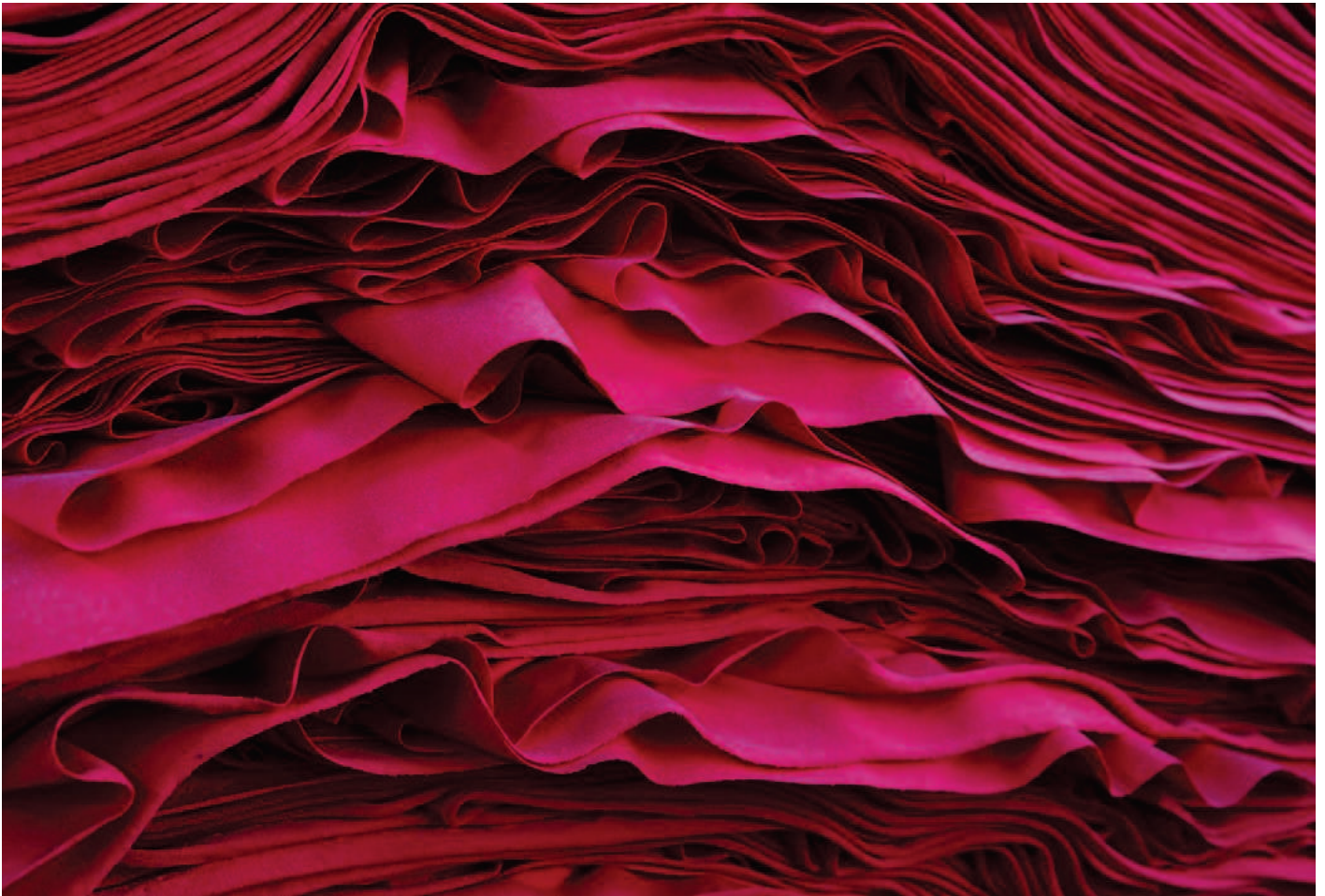
In the reporting year 2017, Tchibo will continue to work on putting the Detox targets into action. In 2017, the focus will be on the following measures:

- **Support for suppliers** and their wet processing units in implementing functioning chemicals management by
 - completing pilot training programmes at strategic suppliers
 - continuing the CPI2 training programme (www.cpi2.org)
 - establishing a local trainer structure in China and Bangladesh as part of the strategic alliance with GIZ and Rewe
- Another update to the **Manufacturing Restricted Substance List**
- Substantiating the other supplier requirements with regard to the tools (e.g. inventory) and processes (e.g. screening) developed in 2016, so as to put them into action in practical training measures
- Increasing **transparency in the supply chain** by
 - further developing and systematically expanding supplier monitoring to the preliminary stages of production

- regularly updating the measured data incl. IPE upload
- establishing a meaningful minimum number of individual substances to be analysed
- joining forces with other companies (for example, Rewe Group) for a broader joint implementation of a 'clean factory' approach
- Further participation in **cooperative efforts and industry initiatives** such as the Textile Alliance, to promote joint approaches within the industry

In putting the Closed Loop approach into action, the following will be the main focus in 2017:

- Conclude, plan and implement further pilot projects with a focus on
 - The use of recycled materials (textiles and hardware)
 - Prolonging the useful life of products by offering special services and tutorials, including reuse offers
- Integrate Closed Loop requirements in internal product-development processes
- Conclude a collaboration to promote cross-company return systems and develop recycling technologies.



Imprint

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