

Subject: Tchibo in our COVID-19 tracker

In the 12-month period directly before the COVID-19 outbreak:

Please answer all questions and provide YES, NO or numerical answers where requested. We also welcome additional information and context.

1. What are the maximum number of days from invoice date within which you pay your suppliers (e.g. 30, 60, 90, 180 days)?

Usually 15 days.

2. When is payment for orders typically made (i.e. after shipping, upon receipt of goods, partial payment in advance of production, etc.)?

Mostly after inspection of the goods. However, all options named can be part of our payment terms, depending on the contract.

3. In this period, have you asked suppliers for a discount after placing an order? **Y/N**

No.

Please also refer to question 4: In cases of non-fulfilment of contractual agreements, i.e. quality concerns or excessive delivery delays for which the supplier was responsible we have applied financial penalties in line with our contracts.

- a. If yes, what percentage of FOB was the discount (if varying, please list all percentages)?

N/A

4. Do your contracts have clauses for financial penalties:
 - a. For suppliers for contract non-compliance (e.g. for late delivery, wrong specs etc.)? **Y/N**

Yes. In each case we try to find a fair solution, depending on the individual situation.

- b. For you (the buyer) to be held financially liable (in the form of a payment premium or otherwise) for changes in orders after a PO has been raised (order volume, order specs, order deadline etc.)? **Y/N**

No. In each case we try to find a fair solution, depending on the individual situation.

In the period since the COVID-19 outbreak:

Please answer all questions and provide YES, NO or numerical answers where requested. We also welcome additional information and context.

5. Have you committed to pay in full for:

a. All completed orders? **Y/N**

Yes

b. All in-production orders? **Y/N**

We have not cancelled any orders in production and pay according to our payment terms. In case of delays, we are looking for good solutions for both parties on individual basis.

6. Have you extended your usual payment times? **Y/N**

No

a. If yes, what are current payment terms (in days, e.g. 90, 180, 230 etc.)?

N/A

b. Are you supporting suppliers with access to local finance with a letter of credit or through other means? **Y/N**

Yes, we have continued to place orders for the upcoming sales year. We regularly use letters of credit as a payment method.

7. Have you requested a discount for any orders? **Y/N**

No.

a. If yes what, percentage of FOB (if varying, please list all percentages)?

N/A

8. Have you taken any other steps (outside of order payment) to ensure workers in your supply chain have been paid wages for March and April, or will be paid wages or otherwise provided for during periods of lockdown? **Y/N**

Yes.

Tchibo has endorsed the [Global Call to Action in the Garment industry](#) convened by the ILO. Currently, we are actively engaging to support its implementation, in particular with other members of ACT. The Global Call involves mobilizing funds to support the payment of outstanding wages in the global garment industry.

9. Where production is ongoing, have you taken steps to ensure suppliers are implementing measures to protect garment workers from infection (i.e. social distancing, sanitising practices, providing adequate protective equipment)? **Y/N**

Yes.

We ask our suppliers to implement health protection measures and to follow national COVID-19 guidelines. We continue our factory and dialogue program WE. Wherever possible we are intensifying our exchange. Among others, we offer health protection trainings and support for dialogue to continue on factory level – either with health precautions in place or in digital formats. The current challenges can only be met in a joint effort, which is why we continue the social dialogue with trade unions in factories and on national level on the basis of our Global Framework Agreement with IndustriALL Global Union.

10. Are you paying shareholder dividends? Y/N or N/A for companies without public shareholders

N/A

11. Please add any additional comments (optional):

In this crisis, we take great effort to be a fair and long-term partner for our suppliers/in our supply chains. We intend to continue this practice, however, with the reservation that the development of the crisis will determine our ability to do so and may require adjustments.

We ask BHRRC to ensure the largest outreach possible to companies in the sector in order to allow for an equal and transparent playing field among all apparel brands. Only broad coverage allows for true transparency of purchasing practices during the COVID-19 crisis.