

Questions for garment brands re Syrian refugees in Turkey

Policy:

1. Does your company have a policy specifically prohibiting discrimination & exploitative practices against Syrian refugees? (If so please provide a link to this policy or provide it as an attachment). How is this policy communicated to suppliers in Turkey?

Yes, we have integrated the issue in our supplier monitoring and development programmes in line with the ETI policy. With the Turkish government recently releasing the regulation on employment of Syrian refugees, we have communicated directly to our suppliers – see letter attached.

As background, our sourcing strategy builds on a defined supplier pool and business commitments and partnerships with our strategic suppliers. New factories may only enter the portfolio after successful passing an entry audit. Given the shortcomings of audits overall, we have focussed a lot of efforts on developing more holistic development tools for factories. To facilitate labour rights at a factory level we collaborate with our strategic supplies in the context of the WE (Worldwide Enhancement of Social Quality) Programme: WE is built on a dialogue approach and brings together managers and workers to jointly work on improving working conditions. It is particularly tailored to looking into the more invisible issues like discrimination (www.we-socialquality.com). In Turkey, we started the WE Programme in 2013. Our WE trainers are local experts both from a consultancy and NGO background bringing together various strengths, for example extensive experience in gender work. In order to guide our business partners, employment relations with Syrian refugees is scheduled in the WE Programme for 2016.

Audits/risk assessment:

2. How many first tier Turkish suppliers does your company have?

We have 18 factories (garments/textile and hardware) in Turkey in our current portfolio that we either source from directly or through suppliers. In 2015, we sold products from an additional four factories which whom we have ended the business relationship for various business reasons (not related to human rights or social standard compliance).

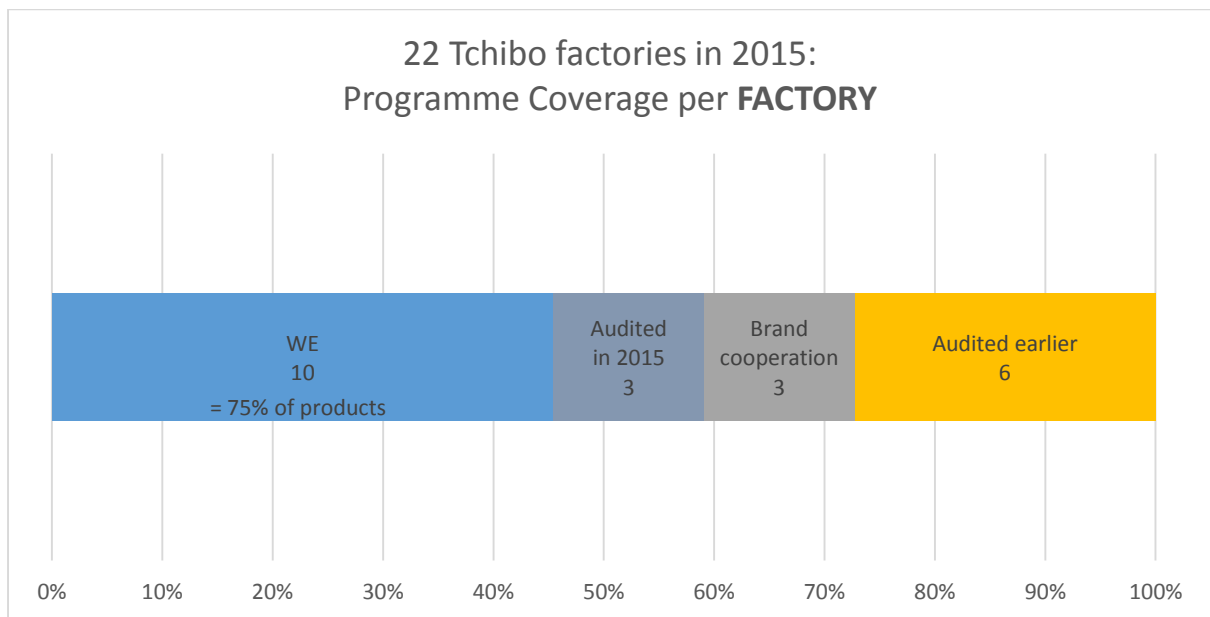
3. How many have been audited since 1 Jan 2015? What percentage of audits have been unannounced?

As part of our risk management, we conduct audits of factories' compliance with the Tchibo SCoC. Thereby, we mostly use audits as a tool to assess whether potentially new factories are fit for business with Tchibo. Suppliers are provided with a two-week window in which the audit will be carried out. They are however not informed about the exact date. Factories that we source from regularly are integrated into the WE training tracks. Factories integrated into WE do not receive audits, as they are in a continuous follow up process with the WE trainers who also have direct access to the workers. We do reserve the right to conduct unannounced audits nevertheless, including off-sites where necessary.

The status of assessment in 2015 was as follows:

- 3 potentially new factories: initial & follow up audit → 3 approved for sourcing with 2 that we will continue buying from

- 10 factories participated in regular WE training activities (producing 75% of our products sourced from Turkey; in 2016, we will continue the WE Programme with eight of these ten factories, as we ended business relationship with two of them) and plan to integrate all textile and garment factories.
- 3 factories audited via their suppliers. They belong to brands with whom we regularly cooperate and have accepted their audit programmes after a due diligence assessment, so as not to duplicate audits.
- The remaining six factories have been audited in earlier years; with five of them, we will continue business in the future.



- 4. Does your company carry out audits beyond the first tier? If so what percentage of second & third tier Turkish suppliers have been audited since 1 Jan 2015 and what percentage of these audits have been unannounced?**

Three of our garment/textile factories (15 overall) are vertically integrated and are included into the WE Programme. This means that we also cover the lower tiers with our programmes.

For an additional garment factory, three subsuppliers were audited in 2015. Suppliers are provided with a two-week window in which the audit will be carried out but not informed about the exact date.

Given the particular nature of supply chain structures in Turkey, we set up a strategic project with our Key Suppliers in 2015. The goal is to create the conditions for supply chain transparency and remediation where issues are detected. Our experience shows that transparency has to be built up jointly, otherwise issues remain hidden and rights violations are relegated to lower tiers.

Implementation activities on the ground are starting in 2016.

- 5. Do the audit & monitoring teams have Arabic-speakers who have received special training tailored to the situation of Syrian refugees, and do they speak with the workers confidentially?**

For Social & Environmental audits in Turkey, we commission external service providers to carry out the audits. The external service providers also provide interpreters for Arabic to join audit teams. As we have not identified any Syrian refugees, we have not yet commissioned for Arabic interpreters to go along but will do so if necessary. During the auditing process the monitoring teams speak confidentially with the workers.

6. How does your company address the possibility of undeclared subcontracting in its supply chain?

We do not allow any undeclared subcontracting; this policy has been clearly communicated to our Turkish suppliers and is an integral part of every buying contract. Our internal quality audit teams check every factory before any order placements to assess technical equipment and capacity which is also taken into account for all future orders. We are aware that this still bears the risk of undeclared subcontracting. This is why we follow up any indication for undeclared subcontracting through internal or external sources with external investigation, if necessary through offsites. In the past, we have penalized or terminated business relationships in case we confirmed undeclared subcontracting. To structurally deal with the issue, we have set up a transparency project in Turkey, jointly with our Key Suppliers (refer to question 4).

7. Has your company identified supplier factories employing Syrian refugees in 2015? If the answer is yes please state how many factories, if possible

No.

8. Has your company identified supplier factories employing Syrian child refugees in 2015? If the answer is yes please state how many factories, if possible

No.

Remediation:

9. When Syrian refugees are identified at a supply factory, what process does your company expect the supplier to follow? In particular please state whether they remain in employment.

With the new regulation released, we expect our suppliers to comply with the max. 10% quota.

For cases in which employed refugees have not received work permits, we expect our suppliers to support the refugees in seeking these permits, e.g. giving them time off from work without penalizing them.

In case of child labour, the general policy at Tchibo is as follows:

- The child must be immediately released from work.
- The factory is expected to send the child back to his/her family. 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.
- When reaching the minimum age for admission to work, the child is to be offered re-employment in his/her earlier position.

In the specific case of Syrian refugees in Turkey, we are mandating an NGO, accredited by the UNHCR, to carry out and oversee adequate remediation measures for refugees, if they become

necessary. Remediation would involve counselling the child and family, the schooling of the child and/or further training for the child's family.

- 10. Does your company have a remediation plan that addresses instances of discrimination/abuse against Syrian refugees in its supply chain? If yes please provide details of the plan, how it is communicated to refugees, and examples of outcomes if available.**

Generally, the Tchibo Social and Environmental Code of Conduct (SCoC) prohibits any form of discrimination. This of course also applies to Syrian refugees. In line with regular protocols for Tchibo SCoC violations, factories are provided with time for remediation. For issues around discrimination, we support the factory with trainings according to our protocols. If violations are continuously and/or repeatedly not addressed, the business relationship is terminated.

To emphasize the coverage for refugees, we have adopted the ETI policy and communicated this directly to our suppliers (see above and attached).

As we have not yet encountered any refugees at the factories, we have not yet directly communicated with refugees. We have engaged with our WE trainers to take up this task with support of Arabic interpreters if it becomes necessary.

- 11. Does your company work with any local NGOs or trade unions to provide remediation services to refugees?**

Currently, we are seeking a cooperation with a local NGO which is accredited by the UNHCR. We will be happy to provide with more information as soon as the contract has been finalised.

- 12. As Syrian refugees cannot receive social security benefits at this time, is your company taking steps to ameliorate the impact of this?**

Before the recent Turkish regulation, we were following ETI policy on this. As far as we understand recent Turkish regulation, Syrian refugees are now covered under Social Security.

Capacity building

- 13. Has your company undertaken any specific training with its first tier suppliers on this issue?**

Our WE trainers discussed the topic with individual factories. We are currently preparing awareness-raising trainings on this matter for 2016.

- 14. What steps has your company taken to ensure that your policies/approach are being implemented by suppliers beyond the first tier?**

Our suppliers are bound by the purchasing contracts to ensure our Social Code of Conduct on the lower tier levels. As we stated above, some factories are vertically integrated so we have covered the issue through our activities at factory level. For the other factories, we have not yet directly engaged beyond the factory level (Tier 2). This will be covered in our transparency project mentioned under 4.

Stakeholder engagement

- 15. Does your company engage with local civil society groups and trade unions on this issue, for instance, in negotiating a policy position & carrying out risk mapping?**

As a member of ETI, we have engaged in their working group on Turkey and supported ETI in their stakeholder engagement on the issue.

16. Does your company work with trade unions on identifying health & safety risks for Syrian refugees (where communication may be difficult)?

We are in regular exchange with the international trade union IndustriALL on our programmes. Health & Safety is an integral topic of our WE Programme. Should we encounter Syrian refugees in factories or lower tiers, the process will be as follows: training in Arabic for all parties on labour rights and a dialogue process. Facilitation of risk assessments jointly with the workers and development of action plans for improvement (refer to the methodology of the WE programme: www.we-socialquality.com)

17. Does your company work with trade unions or other partners to offer training and education programmes for refugees?

We are currently seeking a cooperation with a local NGO accredited by the UNHCR (see above). Syrian refugees employed at our supplying factories will be integrated into the WE Programme.

18. Has your company engaged the Turkish Government regarding the legal framework for Syrian refugees?

As a member of ETI, we support the ETI in their work with the Turkish government.

Other information

Please provide any further information regarding your company's activities on this issue which you think are relevant.