

Turkey Earthquake Response: Questionnaire

This short questionnaire aims to understand in more detail the engagement apparel brands have had with their suppliers in the aftermath of the February 2023 earthquake. It aims to see how brands are meeting this challenging situation, in the context of reports that some buyers have adjusted their purchasing practices in the wake of the disaster.

Please answer all questions and provide YES, NO or numerical answers where requested. We also welcome additional information and context, and any supporting documentation you think it would be useful to provide.

In the period since the February 6, 2023, earthquake that affected a major textile and garment producing region in Turkey, with respect to your suppliers in that region:

1. Have you, as a matter of policy, directed your sourcing team to forgive delivery delays resulting from the earthquake and suspend the imposition of penalties until the region has recovered? Y/N

Yes, delays resulting from the earthquake did not result in any penalties.

2. Has your company imposed any penalty on a supplier in the region as a result of delayed delivery? Y/N

No.

3. Have you as a matter of policy directed your sourcing team, in the case of delivery delays resulting from the earthquake, to pay the affected suppliers no later than the date on which they would have been paid had on-time delivery been feasible? Y/N.

No, payment timing is dependent on the date of approved inspection reports at Tchibo's incoming goods warehouse (for Incoterms and payment terms generally applied for our Turkish suppliers). Payment terms have not been changed. However, shipment plans were rescheduled in alignment with suppliers where needed.

4. Have you, as a matter of policy, directed your sourcing team not to seek price concessions from suppliers in the affected region on new orders negotiated subsequent to February 6, 2023? Y/N

Suppliers with factories in the affected area have been included in the standard enquiry process.

5. Has your sourcing team negotiated prices on any new order from the region that are lower than those paid to the same supplier for like product during the prior season? Y/N

No, most of the prices were fixed before the earthquake as a standard procedure with our strategic suppliers and have not been renegotiated as a consequence of the earthquake.

6. To the extent that textile producers in the affected region are among those that your brand directs apparel suppliers to utilise, have you taken steps to ensure that these producers will be paid in full and on schedule regardless of delivery delays? Y/N

Not applicable as no nominated textile producers in the area.

7. Has your company provided any of the following forms of assistance to suppliers in the region in order to help them survive and fulfil their obligations to workers?

a. Accelerated payment on orders recently delivered, in transit, or in production? Y/N

No, not requested by affected suppliers.

b. Improved payment terms on new orders? Y/N

No, not requested by affected suppliers.

c. Providing low-interest or no-interest financing to suppliers? Y/N

No, not requested by affected suppliers.

d. Direct financial assistance to suppliers? Y/N

Yes, Tchibo made a donation aligned with a supplier to set up a container living area.

8. Are you taking concrete steps at supplier factories, aside from standard periodic auditing, to ensure that vulnerable workers (e.g. migrants, refugees, unregistered workers, pregnant workers) are not facing discrimination in terms of wage reduction or layoffs? Y/N

Yes, after the earthquake we contacted all suppliers with active factories in the region. We have maintained in regular contact and provided situation-specific support to the workforce through our WE Program. In addition, we have a policy regarding Syrian refugees since 2021 which has been communicated to all suppliers with active factories in Turkey.

9. Have you taken steps to ensure that all Tier 1 and Tier 2 supplier factories in the in your supply chain, and within the earthquake affected regions, are structurally safe? Y/N

Yes, all suppliers with active factories in the area were directly contacted by the sourcing team to receive transparency about the situation, to inquire how to support and to ensure safe production. Any new factories were requested to confirm that the building(s) did not have any damages from the earthquakes in addition to accepting external audit reports.

10. Have you provided the families of Tier 1 and Tier 2 workers in your supply chain who were killed during the earthquake with any form of financial assistance? Y/N

No.

a. If yes, what form has this assistance taken?

Feel free to provide any further comments.

In addition to our purchasing practices, Tchibo assisted affected communities by supporting local aid organisations through monetary and in-kind donations.