



## Child Labor Due Diligence Report 2025

Re: Art. 964j-k of the Swiss Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour





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## Introduction

This report relates to the due diligence and reporting obligations covering child labor required by Art. 964j-k of the Swiss Code of Obligations and the Swiss “Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour”. It covers the period January 1, 2025, to December 31, 2025.

[Bernhard Rothfos Intercafé AG](#) (BRIC) is a leading coffee supply company in Switzerland and a member of the globally active green coffee service group [Neumann Kaffee Gruppe](#) (NKG), headquartered in Hamburg, Germany. BRIC was founded in 1979 and is based in Zug, Switzerland.

### Child Labor and Coffee Supply Chains

Before consumers can enjoy their beloved cup of coffee, drinking one of three billion cups per day, around 125 million farmers and workers around the world must plant, harvest, process and transport green coffee on the ground. Unfortunately, adults are not the only ones working in coffee supply chains. Growing coffee is a family business in many countries and therefore children and young people are often involved in the work. A broad, collaborative approach against child labor is therefore key in the coffee industry.

According to the [International Labour Organization](#) (ILO), child labor has returned to a steady decrease since it increased in 2020. After a continuous decline of child labor since 2000, the number of children in child labor had risen from 151.6 million to 160 million compared to the ILO survey in 2016. Now, based on the 2024 survey, nearly 138 million children are estimated to be in child labour returning to a path of progress. Sixty one percent of child labor occurs in agriculture, where it is both an effect and cause of poverty. Exact figures on child labor in the coffee industry are not available.

The causes of child labor are complex and vary from country to country. They are linked to specific economic, social, and cultural issues that affect entire communities. Child labor is systemic in several countries and extends beyond the coffee sector. In many countries, entire families are involved in coffee farming. To help their families, children often drop out of school. In addition, many families cannot afford to pay school fees. Child labor is often considered socially acceptable, and some families are unaware of the importance of education. In some countries, special school holidays are traditionally granted for students to participate in the harvest. Of course, these are just a few examples of the causes



of child labor; depending on the country, there are several other reasons why children are forced to work. Another challenge is that coffee as a tropical agriculture product can only be grown in a specific climate of equatorial regions, the so-called „coffee belt“. Many of those regions are located in countries that face unstable political or economic conditions. In addition, the political, social, economic, cultural and religious conditions in the coffee-producing countries differ immensely, so again each country and region must be considered individually. Coffee is grown in socially challenging areas, but these are not usually among the poorest rural areas in the producing countries or regions. For decades and centuries, coffee has brought relative prosperity and development to the areas where it is grown.

Supply chains of tropical agriculture products like coffee are complex and can vary from one country to another as well. That also very often entails challenges when it comes to issues like child labor. Around 12.4 million of the world's 12.5 million coffee farms are owned by smallholder farmers who cultivate areas of less than one hectare up to 10 hectares and produce correspondingly low yields. They sell their beans to local middlemen or are organized in cooperatives of up to thousands of producers, who then sell on larger quantities to companies of NKG, for example. The branching and small-scale nature of this part of the supply chain is a key problem. On the one hand, it makes it difficult to trace the coffee back to individual small farms, and on the other, it means that a group of companies such as NKG only has limited direct access to the coffee producers.

Efforts to reduce child labor in the coffee sector must address several factors, including enforcement of labor laws, improved access to education, and a living income. These targets must be achieved through industry-wide initiatives, public-private partnerships, and increased traceability.

#### ILO Definition on Child Labor:

“Child labour refers to children working below the country’s minimum age (excluding children in light work) and to children in the worst forms of child labour, namely hazardous work, or in commercial sexual exploitation, forced labour or illicit activities.”

What is the minimum age to work?

It varies from country to country, but international labor standards set the limit at no younger than 15 years old. Some countries may exceptionally have a minimum working age of 14 years old.

What is hazardous work?

“Any activity or occupation that has adverse effects on the child’s safety, physical or mental health, or moral development. Hazards can come from excessive workloads, the physical conditions of work, and/or the duration or hours of work even where the activity is known to be “safe“. Hazardous work is considered to be one of the worst forms of child labor.”

## Our Commitment

NKG positions itself unequivocally against forced and child labor. We are committed to eliminating forced labor, child labor and any other form of labor rights violations within our sphere of activity. NKG does not tolerate any form of human rights violations such as child labor, forced labor, including human trafficking and slavery-like practices. This is an integral part of our Code of Conduct since its inception in 2017 and an important part of our fundamental convictions since long before that.

NKG is dedicated to creating transparency and sustainability in our coffee supply chains enabling us to identify risks of forced and child labor and engage with suppliers to mitigate and remediate these risks where they occur.

Due to the branched structure of the supply chain, we rely on our local presence on the one hand and on partnerships on the other.

In the following chapters of this report, we will explain how we are fulfilling this commitment in practice by addressing how we [assess and mitigate the risk of child labor](#) in our own operations and beyond. Our report refers, among other content, to our global programs [NKG Verified](#) and [NKG Bloom](#), which include no worst forms of child labor, no child labor, no forced labor and school attendance as integral parts for supply chain partners to participate in the programs.

As will be further outlined in this report, in 2025, we strengthened our global Human Rights Due Diligence Management System (HRDDMS). This development builds on the experience gained through our Supply Chain Integrity Program (NKG SCIP) and its systematic approach to working with key suppliers on fair labor conditions in countries of origin.

In addition, we will outline our [partnerships and collaborations](#) with other stakeholders, as we are convinced that child labor can only be eliminated with a joint effort by the entire industry.

## Continuous improvement

Despite our efforts, we recognize that improving working conditions in the coffee industry is a long-term process and needs commitment of all parties involved along the supply chain. We work closely with our customers, suppliers and other stakeholders and are constantly striving to improve working conditions within our sphere of influence. As NKG, we are committed to critically reviewing our own actions, improving or adapting them where necessary, and maintaining constant communication with our suppliers and customers.



## NKG's and BRIC's Policies on Child Labor in Supply Chains

### NKG Code of Conduct

Through our Code of Conduct, we commit ourselves to compliant and responsible business conduct in accordance with our ethical standards and applicable laws and regulations. As part of our commitment to respecting and promoting basic rights, our Code of Conduct establishes that NKG is strictly against exploitative child labor and ensures that there is absolutely no child labor on our farms, in our coffee mills, or in our offices. We adhere to the minimum age requirements as set out in the respective ILO conventions or as defined by local legislation, whichever is higher. We understand that our ability to stop child labor along the supply chain is limited. Thus, together with other companies in the coffee sector, government agencies, NGOs, producers and other stakeholders, NKG is working on improving the living and working conditions of coffee farmers and is committed to the rights and well-being of their families.

### NKG Supplier Code of Conduct

To reinforce our commitment to responsible business conduct and human rights and to meet our due diligence obligations, we further established our Supplier Code of Conduct (SCoC) in 2022, in which we formulated our values and expectations of our suppliers. Our SCoC acknowledges that our suppliers are important partners in our efforts to respect human rights along the coffee supply chain. Therefore, it is essential that suppliers comply with the principles derived from core ILO conventions and standards and prevent exploitation within their operations and their supply chains.

With regards to child labor, our SCoC stipulates that,

- There shall be no use of exploitative child labor. The minimum age for admission to employment is 15. If local law stipulates a higher age for admission to employment or mandatory schooling, the higher age applies. Exceptions under local law resulting in lower minimum age requirements may apply, provided that they are in accordance with the developing country exceptions defined under ILO Convention No. 138.
- If the local minimum age requirement for admission to employment is 14 years, in accordance with developing country exceptions under ILO Convention 138, the lower age applies.

- Children may engage in permissible light work or help their family at their family's farm, provided that the work does not jeopardize their schooling or health and that it is in line with applicable legislation and ILO Conventions Nos. 182 and 138.
- Moreover, the minimum age of 18 years must be respected for hazardous work, which may harm the health, safety or morals of young people (e.g., work with heavy loads, hazardous substances, dangerous machinery, long hours during the night or night shifts).

NKG's SCoC has been actively communicated with our key suppliers. Suppliers are encouraged to communicate the SCoC to sub-suppliers as well.

The full version of our SCoC can be found at <https://www.nkg.net/responsibility/>

### BRIC's Supply Chain Policy on Due Diligence and Transparency relating to Child Labor

In June 2024, the board of management of BRIC adopted and published its Supply Chain Policy on Due Diligence and Transparency relating to Child Labour ("Policy"). In consideration of the applicable requirements under Swiss law, the Policy outlines the processes and instruments used to identify, assess, eliminate, or mitigate risks of child labor in BRIC's supply chains. At the same time, BRIC, as part of Neumann Kaffee Gruppe (NKG), has aligned this Policy with the group's Responsible Business Program (RBP) which was set up in consideration of principles derived from internationally recognized standards, such as the UN Universal Declaration on Human Rights, the 2011 United Nations Guiding Principles on Business and Human Rights, the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. As essential parts of the requirements, a tool for reporting concerns about potential or actual child labor incidents and for following up on any reported concerns as well as a process of adopting appropriate measures to avert or mitigate negative effects are described in the Policy. Relevant and up-to-date information on this Policy is communicated to internal and external stakeholders, including employees, suppliers and the public. Through alignment of the Supplier Code of Conduct with the core due diligence approach and principles in this Policy, it is ensured that the core provisions of this Policy, concerning BRIC's Suppliers, are gradually integrated into the contracts and agreements with suppliers. No amendments were made to the Policy since its first publication in June 2024.



## Assessing and Mitigating Child Labor Risk in Our Own Operations and Beyond

### Addressing Child Labor Risks in Our Own Operations: NKG Integrity Risk Assessments

At NKG, we conduct internal risk analyses to identify our group-wide exposure to compliance risks and mitigate them accordingly. In 2025/26, NKG conducted a global risk assessment covering its sourcing countries. This assessment draws on desk-based analyses developed by the German Coffee Federation (DKV) in cooperation with Global Risk Assessment Services (GRAS), complemented by internally conducted screenings for sourcing countries not covered under the DKV framework. The UNICEF Children's Rights in the Workplace Index served as the baseline for the child labor segment of the risk assessments. To this end, a hybrid risk assessment approach was applied, combining the desk-based research (including country-level indicators and sector-wide analyses from international data sources) with input from internal country and supply chain experts.

Within its own operations, NKG implements its human rights commitments through established policies on working conditions, non-discrimination, and occupational health and safety, ensuring consistent application across the Group.

### NKG's Supply Chain Risk Management for Direct Suppliers (Tier 1)

#### Human Rights Due Diligence Approach

Our pilot Supply Chain Integrity Program (SCIP) introduced in 2022/2023 to promote responsibility for fair labor conditions and the protection of human rights established important foundations for structured engagement on human rights topics. In 2025, NKG initiated a transition towards a more comprehensive and integrated Human Rights Due Diligence Management System (HRDDMS). This shift reflects a move from a program-based approach to a Group-wide management system aligned with international due diligence standards.

As part of this development, NKG introduced a Group-wide Human Rights Due Diligence Policy (HRDDP) in early 2026. Building on the experience gained through SCIP, the policy consolidates existing practices into a structured and coherent framework for addressing human rights risks across NKG's operations and value chains. It applies to employees, temporary workers, and supply chain

stakeholders, including farmers, farmer households, workers, labor intermediaries, and other individuals potentially affected by NKG's business activities. The policy covers both actual and potential human rights risks, with a particular focus on key issues in agricultural supply chains, such as child labor.

### Identifying and Mitigating Child Labor Risk in Indirect Suppliers (Beyond Tier 1)

#### Human Rights Impact Analyses

Under SCIP, we partnered with an experienced external, independent local and international consultant team to conduct a Human Rights Impact Assessment (HRIA) between December 2021 and April 2022 for one major supply chain in Honduras. Based on the knowledge gained, we realized similar assessments in Brazil, Colombia, Uganda and Vietnam in 2022 and 2023. The independent service providers were familiar with the local context and fluent in the local languages, enabling them to engage different stakeholders in the assessment process. In line with the findings, recommendations for improvement measures and action plans including the topic of child labor were defined and are continuously monitored for progress.

Starting in 2026, NKG is participating in a joint Human Rights Impact Assessment (HRIA) in Brazil together with *focusright* and a group of Swiss coffee companies under the Swiss Sustainable Coffee Platform (SSCP). The assessment focuses on selected certified coffee supply chains and aims to deepen the understanding of salient human rights risks through in-depth stakeholder engagement at origin.

The project is designed not only to generate insights into human rights impacts in Brazil's coffee value chain, but also to assess the role and limitations of voluntary sustainability schemes (VSS) in the context of human rights due diligence. In addition, it aims to foster peer learning and collaboration among SSCP members and to build capacity for conducting HRIAs through the development of practical tools, guidance, and webinars.

Brazil was selected as the geographical focus due to its significance as the largest country of production in NKG's coffee supply chains. The HRIA is intended to complement existing due diligence activities by generating additional, context-specific insights and supporting the development of targeted mitigation measures.



## NKG's Global Programs: NKG Verified and NKG Bloom

Finding solutions that benefit both its customers and producers is key for NKG. As part of the company's active commitment to integrity and responsibility throughout the coffee supply chain, we have created NKG Verified and NKG Bloom.

NKG Verified aims to bridge the gap between coffee growers and buyers. Launched in 2021, NKG Verified aims to improve traceability and transparency along the supply chain for green coffee buyers.

NKG Bloom focuses on improving smallholders' livelihoods and also offers supply chain traceability. NKG Bloom aims to ensure the future of green coffee supplies by offering smallholder farmers and farmer groups the opportunities and resources they need to run their farms at full potential, optimize their incomes for long-term success, and enter pathways out of poverty.

### Sustainability Criteria

NKG Verified and Bloom are recognized as equivalent to the Coffee Sustainability Reference Code and classified as second party assurance systems. Both initiatives offer customers traceable coffees that are produced on farms meeting key sustainability criteria which are developed following the Coffee Sustainability Reference Code.

[CSRC\\_CoffeeSustainabilityReferenceCode\\_OCT21.pdf](#)  
([globalcoffeeplatform.org](http://globalcoffeeplatform.org)).

These sustainability criteria span across economic, environmental, and social dimensions. Critical criteria include, among others, compliance with no worst forms of child labor, no child labor and school attendance. Entities, from farm to export level, that want to qualify for NKG Verified, must comply with the following requirements regarding child labor:

- Children below the age of 18 years are not engaged in work which could jeopardize their health, safety or morals.
- Children's participation in work is only accepted as part of light family work, outside school hours for children below 15 years old, and they are not performing hazardous work.
- Children under the age of 15 (or legal school age as per local regulation) attend compulsory school.

The sustainability criteria also address factors that are indirectly linked to the risk of child labor. Wages, for example, must comply with existing national minimum wages or sector agreements including seasonal and piece rate workers. Regular

working hours of workers and employees must be limited to 48 per week, or less if provided by national law. Contractual agreements must be respected, and workers must know their rights, duties and benefits.

### NKG Verified – Traceable Coffees and Sustainability Compliance

According to our 2nd party assurance model, compliance with NKG Verified criteria is assessed through sample-based internal audits on an annual basis and third-party audits every three years. If gaps or non-compliances are found during internal or external audits, improvement plans or remediation measures are developed together by our NKG field teams and participating supply chain actors. Critical criteria, among them child labor, must be remediated within a period of 60 days.

NKG Verified was first established in Brazil in 2021 by NKG Stockler. As of December 2025, NKG Verified has reached more than 53,000 Producers in 11 countries including Brazil, Colombia, Costa Rica, Honduras, Mexico, Peru, Kenya, Uganda, India, Indonesia, and Vietnam.

### NKG Bloom – Coffee Sourcing with a Purpose

NKG Bloom is a sustainable sourcing initiative of NKG to ensure the future of green coffee supplies by investing in the establishment of Farmer Services Units (FSUs) within our export operations to provide value-added services to smallholder producers. The NKG Bloom offer to producers includes training in coffee-farming and business best practices, access to markets, infrastructure, inputs, seedlings and financing, supporting pathways out of poverty, a critical root cause of child labor.

Farmers Services Units (FSUs) are permanent NKG Bloom teams set up within NKG export companies that implement the initiative in their country. FSU members work closely with farmers and farmer groups to understand their needs and design custom services packages. These packages can include fertilizers, seedlings and access to markets, infrastructure, information, trainings and — critically and uniquely — quick and simple financing.

Participating farmers are smallholders farming with less than 30 hectares of coffee and farmer organizations comprised of producers with fewer than 30 hectares. These farmers agree to collaborate with FSUs, to run their farms as businesses, and to improve prioritized social and environmental practices.

NKG Bloom coffees are traceable to either the region or farmer organization level. Field staff use a mobile application to efficiently provide and monitor farmer services and gather information along the value chain. In some NKG Bloom countries, farmer groups and field staff can also share digital payment



information with farmers, access coffee delivery histories and pay farmers more quickly and accurately. The transition from paper records to mobile apps and internal digital systems within cooperatives has created clarity for supply chain participants and producers.

Countries that have already launched NKG Bloom are Uganda, Honduras, Kenya and Mexico. Until today, we have reached close to 97,000 farmers with our service offer.

## Company Programs addressing Child Labor

### Children Daycare Centers at BECAMO, Honduras

During the 2022/23 harvest season, our exporting company Beneficio de Café Montecristo (BECAMO) in alliance with a partner launched two daycare centers in Honduras. These daycare centers offer a safe space for parents to leave their children, whom they are otherwise often forced to take with them to the coffee fields. They are designed as an educational and nurturing space that promotes the physical, cognitive, affective, and social development of children, in an environment characterized by cordiality and respect for their rights.

BECAMO implements the daycare center project through its Unit for Sustainable Services to Producers (USSP), with the objective of providing attention and care to children through a range of activities. These activities are aimed at strengthening, for example, their motor skills and health. As well as age-appropriate educational programs that further support the children's holistic development.

Over the last three harvest seasons (2023–2026), the number of daycare centers has more than doubled, increasing from 3 to 7. Alongside this expansion, the number of children benefiting from the program has grown significantly, from 158 children in 2023/24 to approximately 513 children in the 2025/26 harvest season. These centers are located in the departments of Ocotepeque, Lempira, and Intibucá, areas with some of the highest rates of child labor in Honduras and provided care to children aged 3 to 14.

## External Certification Schemes

The issue of child labor is also addressed in our third-party certifications.

In 2025, 30% of the coffee purchased by the BRIC was certified according to the standards of Rainforest Alliance, 4C, AAA Nespresso, Fairtrade, CAFÉ Practices, NKG Verified, NKG Bloom, among others.

Rainforest Alliance, for example, is promoting sustainable agricultural practices,

particular in, but not exclusively, the production of coffee, cocoa, tea, and bananas. Farms are inspected by independent auditors regarding their social, economic, and ecological sustainability. The fight against child labor is a fundamental criterion for this certification. In the 2020 certification program, Rainforest Alliance implemented a risk-based approach in assessing and addressing child labor.<sup>1</sup>

Rainforest Alliance demands producers to sign a "Code of Social Conduct", which explicitly emphasizes the required minimum age for hiring as well as access to education. Producer groups certified under Rainforest Alliance are constantly trained on the issue of child labor. These trainings aim to increase awareness of the importance of this topic and to ensure that all members of the group are acquainted with the actions taken to address the risks. Additionally, signs are placed on the farms stressing the prohibition of child labor, forced labor, discrimination, violence, and harassment. It is also highlighted that, should anyone witness any of the aforementioned situations, they are encouraged to report them through a designated complaint box. In such instances, an investigative committee comprising various stakeholders takes over the investigation process.

<sup>1</sup> [2020 Zertifizierungsprogramm | Rainforest Alliance | Für Unternehmen \(rainforest-alliance.org\)](https://www.rainforest-alliance.org/de/2020-Zertifizierungsprogramm-fuer-Unternehmen)

[Was bedeutet "Rainforest Alliance-zertifiziert"? | Rainforest Alliance | Für Unternehmen \(rainforest-alliance.org\)](https://www.rainforest-alliance.org/de/was-bedeutet-rainforest-alliance-zertifiziert-fuer-Unternehmen)

[Was Ist In Unserem Zertifizierungsprogramm 2020 Enthalten? Assess & Address \(Einschätzen und Ansprechen\) | Rainforest Alliance | Für Unternehmen \(rainforest-alliance.org\)](https://www.rainforest-alliance.org/de/was-ist-in-unserem-zertifizierungsprogramm-2020-enthalten-assess-address)

[RACP User Manual for Farm Certificate Holders \(rainforest-alliance.org\)](https://www.rainforest-alliance.org/de/racp-user-manual-for-farm-certificate-holders)



### Practice Example from ECC, Mexico

In 2025, Exportadora de Café California (ECC), our exporting company in Mexico, organized a series of workshops aimed at supporting sustainable coffee practices. The 498 training sessions conducted in 2025 covered critical topics, including discrimination and child labor prevention. These initiatives reached 3,793 producers across the states of Veracruz and Chiapas, of whom 898 are Rainforest Alliance certified.

At ECC, producers and farmers can utilize a grievance box should they discover any cases of child labor. Up to this point, no reports of child labor have been received. Nonetheless, the company is aware of the risk of child labor and has implemented monitoring systems. Challenges arise especially during the harvest season and due to the size of the producer groups. This is why ECC constantly strives to reinforce awareness and preventive measures at every available opportunity. ECC continues to invest in internal staff training to ensure they are equipped to provide tailored support and technical guidance to producers. These efforts reflect our ongoing commitment to fostering a more sustainable and inclusive coffee sector.

## Industry Partnerships Addressing Child Labor in the Coffee Industry

### Addressing the root causes of child labor: joining efforts through the EU-funded CLEAR Supply Chains project under the leadership of the ILO Child Labour Platform

Given the multi-dimensional nature of child labor risks and the complexity of global supply chains, addressing child labor effectively requires collaboration among various stakeholders.

This is why, in 2023, we joined the ILO Child Labour Platform (CLP), joining efforts to address the root causes of child labor through the inter-agency project ["Ending child labour in supply chains: Addressing the root causes of child labour in supply chains through an area-based approach \(Clear Supply Chains\)".](#)

The CLP is a cross-sectoral, membership-based alliance of companies led by the ILO with the objective to promote stakeholder exchange, identify obstacles in the implementation of ILO Conventions, and strengthen cooperative programs against child labor.

In partnership with the European Union, the Food and Agricultural Organization (FAO), the International Trade Centre (ITC) and the United Nations Children's Fund (UNICEF), the ILO leads the CLEAR Supply Chains project which started in 2023. The project primarily targets the coffee supply chain in Honduras, Uganda, and Vietnam where we as NKG have business activities as well.

The project aims to develop integrated and replicable intervention models to address the root causes of child labor, through the collaboration with companies from the coffee industry, UN agencies, key global and regional coffee networks, employers' and workers' organizations, civil society organizations, and other key actors.

The project strategy on coffee is built around three main result areas:

- "Knowledge": Knowledge base about the root causes of child labor will be strengthened and expanded.
- "Solutions": Tangible and replicable area-based solution models to eliminate child labor in the coffee supply chain will be developed for replication.
- "Partnerships": Partnerships to eliminate child labor in supply chains will be strengthened at national and global levels.

The project will primarily benefit children either involved in or at risk of child labor. However, it will also benefit other stakeholder groups, including young workers, women, agricultural workers, migrant workers, local businesses, cooperatives and farmers' groups at the community level, as well as government ministries, national coffee boards, employers' and workers' organizations at the national level.

In addition, NKG work in India is reflected under the CLP India Country Working Group through a cross-sectoral collaboration, and will be associated to the global component of the project.

### ICO Coffee Public-Private Task Force

The ICO Coffee Public-Private Task Force was established in 2019 by the International Coffee Organization, following the signature of the "London Declaration" by 12 private sector companies, and upon the request of the International Coffee Council at its 125<sup>th</sup> Session. The Task Force is designed to build common ground for a global partnership between the coffee industry and governments, guided by the overriding vision of the sustainability of the sector and prosperity for grower communities. One of the key workstreams is "Prosperous and Living Income" which aims to close the income gap in at least 50% of the ICO producing countries by 2030.



## Supply Chain Traceability System

The supply chain traceability system of BRIC allows us to track the provenance of the coffee throughout the upstream supply chain.

The traceability system incorporates several steps to ensure comprehensive oversight. From the beginning of any commercial relation, all suppliers are registered with their name, address and country of origin along with the necessary documentation. Furthermore, rigorous checks are conducted, including cross-referencing with sanctions databases, to ensure compliance and integrity.

Our coffee purchases follow a tiered system:

- 1<sup>st</sup> tier: intragroup purchases, constituting ca. 89% of our procurement. These transactions are conducted with NKG importer and NKG exporter companies. In these cases, the NKG entities maintain a registry of their suppliers.
- 2<sup>nd</sup> tier: direct purchases from coffee origins, comprising ca. 11% of our procurement, involve transactions with cooperatives or individual farms. Our company's system diligently maintains updated records of the names and addresses of these coffee suppliers, further reinforcing our commitment to traceability and ethical sourcing practices.

Through our traceability system, we do not only prioritize transparency and accountability but also strive to mitigate the risk of child labor within our supply chains as identified in our risk assessments.

## Cases of Child Labor in our Supply Chains

NKG Verified external auditors identified two findings related to child labor in 2025, where a child was found to be performing hazardous work in two NKG Verified supply chains in Indonesia. Both findings were remediated within the required 60 day timeframe. Remediation included a documented commitment by the farmer not to allow the child to participate in hazardous work, with clarity that continued practice would result in removal from the program; remediation actions were shared with the external auditor and accepted. These findings reinforce the importance of ongoing monitoring and clear remediation pathways in traceable supply chains.

Our local companies make periodic visits to the farms to inspect the conditions and follow up on the actions agreed with the farmers. Farmers who fail to

demonstrate willingness or agreement to address child labor issues are no longer part of our supply chains.

Moving forward, we continue to leverage audits and collaborate closely with other partners to enhance our monitoring mechanism and promptly address any instances of child labor. Our commitment to responsible sourcing practices remains unwavering, and we will take decisive action to prevent and eliminate child labor, working collaboratively with our suppliers and stakeholders to uphold the rights and well-being of all individuals involved in our supply chains.

## NKG Grievance Mechanism

As part of our ongoing efforts to promote a culture of integrity and accountability, we have established an Integrity Reporting Mechanism that provides employees and external stakeholders with accessible channels to report any potential or actual wrongdoing within NKG, caused by or linked to NKG which violates applicable laws, the NKG Code of Conduct or NKG Supplier Code of Conduct.

Reports can relate to, among others, human rights violations, discrimination and harassment, retaliation, corruption, health and safety concerns, environmental impacts, or other breaches of applicable laws and internal policies.

All reports are handled confidentially with care and professionalism.

Reports may also be submitted anonymously where permitted by local law.

NKG does not tolerate retaliation against any person who raises a concern in good faith.

External stakeholders can utilize the following reporting channels:

- **Online Integrity Reporting Platform:** Our online Integrity Reporting Platform at <https://integrity.nkg.net/> is available to external stakeholders, allowing them to report concerns confidentially. The system is available in multiple languages and can be accessed from any device with an internet connection and also provides a secure mailbox for ongoing communication and follow-up regarding submitted reports.
- **Contacting company management:** Though we encourage the use of the NKG Integrity Reporting Platform, if using the online Integrity Reporting Platform is not possible for the person wanting to issue a report, they may also contact local company management directly, for example by post, email, telephone, or by arranging an appointment.



- **Additional local reporting channels:** In addition to these two options, group companies may offer further local reporting channels due to national legislation or because they are more appropriate or accessible for certain stakeholder groups, such as producers, seasonal workers, or local communities.

## Transparency and Reporting

Our Code of Conduct, Supplier Code of Conduct, Grievance Mechanism Policy, and Sustainability Report 2024 are publicly available on our website. The Sustainability Report 2026 will be published following this report and will also be made available on the website.

[Responsibility - Neumann Kaffee Gruppe \(NKG\)](#)