



Statement by Neumann Kaffee Gruppe – “Bitter brew: Modern slavery in the coffee industry” – Request by Business & Human Rights Resource Centre, January 23, 2024

The report “Bitter brew: Modern slavery in the coffee industry” refers to our past business relationship with “Fazendas Klem”. Companies of Neumann Kaffee Gruppe (NKG) have purchased from “Fazendas Klem” in the past, but according to our investigations, the last contracts were concluded in 2020. After that, we could not identify any direct business relationship between NKG group companies and “Fazendas Klem”. Our Brazilian export company, NKG Stockler, from which other companies in our group had purchased coffee from “Fazendas Klem” in the past, removed “Fazendas Klem” from its supplier system in 2022 upon learning of the allegations, and business relations remain suspended to this day.

NKG does not tolerate any form of human rights violations such as forced labor, including human trafficking and slavery-like practices. NKG is committed to eliminating forced labor and any other form of labor rights violations within our sphere of influence. NKG is dedicated to creating transparency and sustainability in our coffee supply chains.

As NKG, we have written down our values and beliefs as the basis of our business in our NKG Code of Conduct; this is an integral part of our value-oriented corporate culture. In order to fulfill our responsibility for a growing, sustainable coffee industry in the future, we have, among other things, launched the NKG Responsible Business Program. The program sets specific goals that define responsible and sustainable business practices at NKG. In this context, please refer to the NKG Sustainability Report 2022, published on September 1, 2022, which provides insights into the Responsible Business Program and where NKG stands and where we want to go in the future (see links below). Two of our key objectives are to “strengthen sustainability performance within our supply chains” and “improve transparency and ethical behavior in collaboration with our direct suppliers.”

NKG is committed to creating transparency and sustainability in our coffee supply chains. For example, our program NKG Verified includes traceability and compliance with critical criteria such as no worst forms of child labor, no child labor, no forced labor, school attendance, no use of prohibited pesticides, protection of forests and ecosystems, and continuous improvement. To promote responsibility for our conventional supply chains, we have also introduced our Supply Chain Integrity Program (NKG SCIP). The program takes a systematic approach to working with our key suppliers on fair labor conditions in the country of origin and includes a commitment to shared values, human rights risk assessments, agreements on improvement actions, and access to a grievance mechanism for groups and individuals facing human rights violations related to or caused by NKG activities. To meet our human rights due diligence obligations, we established our Supplier Code of Conduct (SCoC) in 2022, among other things, in which we formulated our values and expectations of our suppliers. The SCoC has been actively communicated to our key suppliers. Suppliers are encouraged to communicate the SCoC to sub-suppliers as well.



As part of SCIP, we implemented an in depth supply chain due diligence process in Brazil. This included asking selected key suppliers to fill out a self-assessment questionnaire on topics such as health, safety and labor rights practices in their operations. Further, our key suppliers were sent the NKG Supplier Code of Conduct with a request for digital acknowledgement. As we are aware that self-assessments and signatures can only offer limited insights into human rights risks in our supply chains, and as we are looking to create real positive impact in the coffee business, NKG further carried out a Human Rights Impact Assessment with a contracted consulting team to understand social, labor and related environmental risks in the Brazilian coffee production context, including their interrelationships, root causes, what groups can be affected, and where in the supply chain these can occur. A representative sample of farms within NKG Stockler's usual supply chains was chosen to conduct the field visits and interviews with stakeholder groups. One unfortunate finding of this impact assessment was that working conditions on coffee farms continue to pose risks to worker health and safety. In interviews our researchers conducted with workers, missing or sub-standard personal protective equipment and inadequate workplace safety training were cited as common grievances. In response to these risk findings, NKG has set up an internal action plan for improvement. As these are risks that are not isolated to a few coffee suppliers, but rather an underlying problem the coffee industry as a whole still needs to effectively combat, we are focusing our efforts on finding partners to put into place widespread training campaigns and to improve access to personal protective equipment.

Despite our efforts, we are still in the process of addressing labor issues in the coffee industry. Due to the complex structure of the coffee supply chain, it remains a challenge to cover the entire supply chain. In addition, we cannot guarantee that suppliers who are part of this supply chain are always fully compliant. However, we work closely with our suppliers and are constantly striving to improve working conditions. In particular, NKG Stockler, has been at the forefront of these due diligence issues. As NKG, we are committed to critically reviewing our own actions, improving or adapting them as necessary, and to being and remaining in constant communication with our suppliers and customers.

For further questions please do not hesitate to contact us.

Further Links and information:

- [Responsibility - Neumann Kaffee Gruppe \(NKG\)](#)
- [NKG Code of Conduct](#)
- [NKG Responsible Business Program](#)
- [NKG Sustainability Report 2022](#)
- [Supplier Code of Conduct](#)