



RESPONSIBLE
SOURCING
REPORT
2018



*"A business is good when
every party involved benefits from it."*

Hanns R. Neumann, 1951



TASTE
LOVE
CARE
COFFEE

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Print goes digital



For more insights with a human touch, please scan the QR codes or access our digital version at www.nkg.net/#responsible.

About this Report

We've created a digital appetizer for you to share the most recent insights into our NKG Sustainability Strategy. **This year, our focus is on Promoting Responsible Sourcing**, and we are proud to present our farm-level sustainability initiatives in 14 coffee origins and introduce our NKG exporting companies and NKG farms.

All reporting content is restrictive since some NKG companies follow the crop year reporting from October 2017 to September 2018. In this report,

the calendar year 2018 is aligned with the crop year 2017/18. We've rounded down all aggregated figures.

NKG management is responsible for the preparation and integrity of the information provided for the reporting year 2018. The sustainability consultancy Schlange und Co. GmbH (www.schlange-co.com) supported the report development with data analysis and plausibility checks. All references to currency are in US Dollars.

Commitment of the Board



From left to right: Justin Schulze-Smidt (Group CFO); David M. Neumann (Group CEO); Pablo Garcia Camacho (Group COO); Jörn Severloh (Group COO)

It is with great pleasure that we share our Corporate Responsibility Report for the 1st time. It covers 2018 and features the important area of our farm-level work in the coffee producing countries. We have created vivid insights into our work in this area and are sure that it will make for interesting reading.

Responsible, reliable and long-term business is a powerful engine for sustainable development. As NKG, we have known, since generations, that any business, to be truly sustainable, must be viable for all participants. This begins with the small- and medium-sized farmer, who is the backbone of the world's coffee production and without whom the enduring success of coffee as a modern and highly desirable everyday luxury would be unthinkable.

As NKG, we are unconditionally committed to and invested in the coffee producing countries and the coffee producer. As we continue to grow our business, we will continue to expand our investments and dedicate resources to further deepen our role as responsible corporate and private citizens; and we will continue this work with the same convictions and deep knowledge that have enabled us to be world market leaders for decades.

David M. Neumann for the Board of Management



MANAGING CORPORATE
RESPONSIBILITY

OUR BUSINESS APPROACH TO SUSTAINABILITY

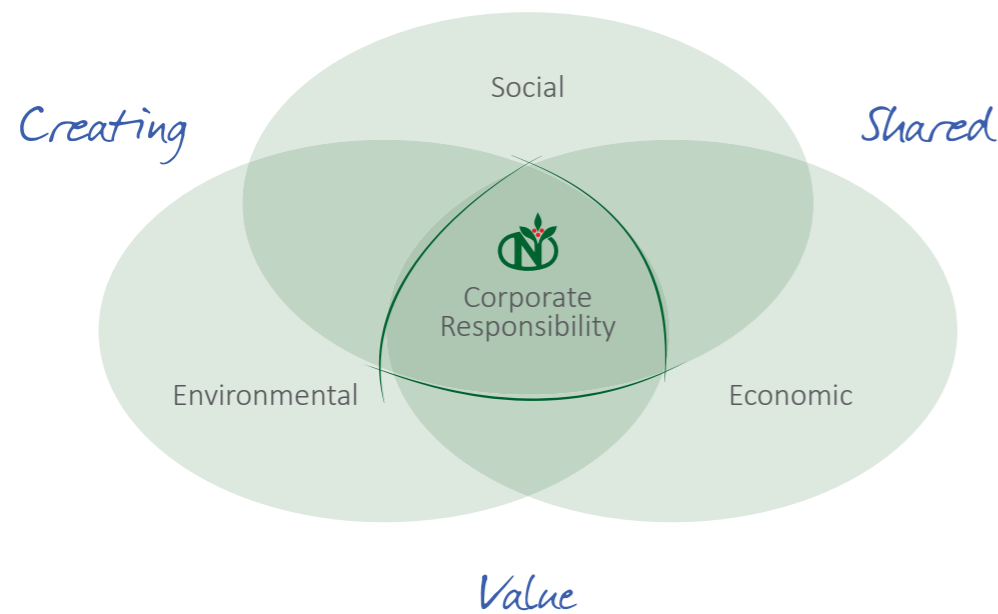
We believe in business as a powerful engine for sustainable development.

Corporate Responsibility (CR) is a deeply rooted part of our company culture. In fact, it is this unconditional commitment to being a responsible corporate citizen that has made it possible for NKG to be the world market leader since three decades.

As a family-managed company in its third generation, NKG's long-term business orientation is to create shared value that focuses on the sustainable development of our company and the stakeholders that have put their trust in us.

We act for tomorrow by addressing social, environmental and economic needs at the same time through NKG's business model.

CR as our management approach to sustainability focuses on the implementation of an NKG-wide sustainability strategy. We concentrate on four strategic focus areas and ten group goals that we want to promote together. Our strategic course is long-term and has been validated in an on-going external stakeholder dialogue.



NKG Sustainability Strategy Framework

Our Group strategy focuses on four focus areas and ten group goals:

Employees

Driving responsible business conduct within NKG

Integrity within the Group



Group Goals Focus Area 1:

- Embed principles of responsible business conduct within NKG
- Continuously monitor and improve ethical performance

Supply Chain

Promoting responsible sourcing

Turning and resilient coffee farming communities



Group Goals Focus Area 2:

- Secure sustainable supply of coffee
- Drive growth in sustainable coffee business
- Improve transparency throughout supply chain

Environment

Safeguarding our environment

Responsible use of natural resources



Group Goals Focus Area 3:

- Promote environmental solutions within coffee
- Improve environmental performance of NKG

Dialogue & Cooperation

Enhancing dialogue & cooperation on sustainability

First contact partner for sustainability in the green coffee business



Group Goals Focus Area 4:

- Embed sustainability strategy in NKG operations
- Promote internal dialogue & cooperation on sustainability
- Enhance dialogue & cooperation with industry and external partners on sustainability

NKG activities contribute to the UN Sustainable Development Goals



The Sustainable Development Goals (SDGs) were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

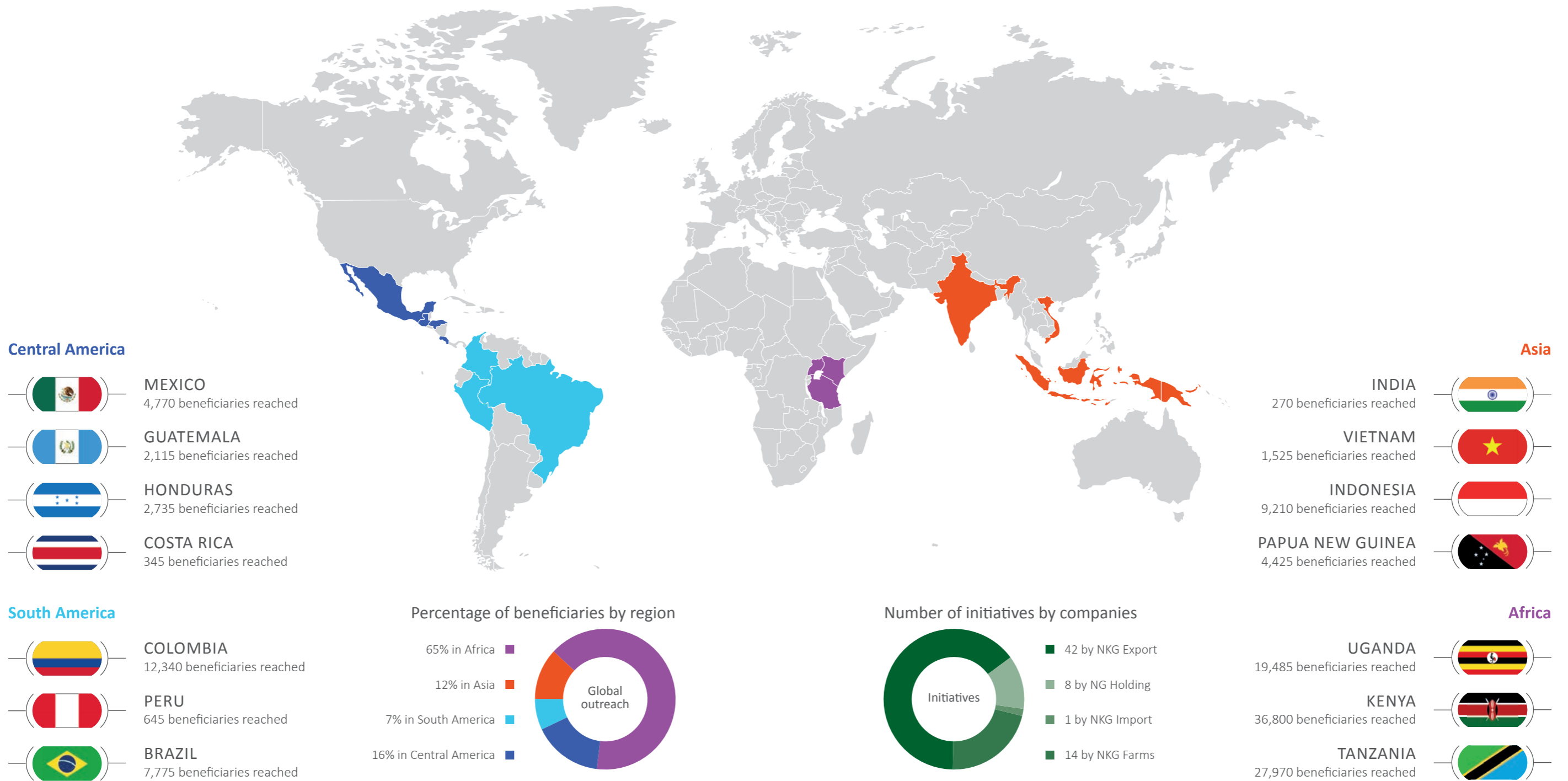
OUR GLOBAL SUSTAINABILITY SETUP

We see our strong presence at the coffee origins and our worldwide network as key assets for promoting responsible sourcing within our industry. With 49 companies in 27 countries, NKG operates globally and offers a broad range of quality services and products along the green coffee value chain. In 2018, sustainability initiatives were managed across 14 coffee origins, driven by 12 exporting companies, 1 importing company, 3 NKG-owned farms and NG as the operative

holding company. Worldwide, 211 employees professionally dealing with issues around sustainability help to make our coffee initiatives a success.

Note:
Beneficiaries excl. community members reached through infrastructure investments in local communities.

We reached more than 131K beneficiaries in 2018 through sustainability initiatives in origin countries.

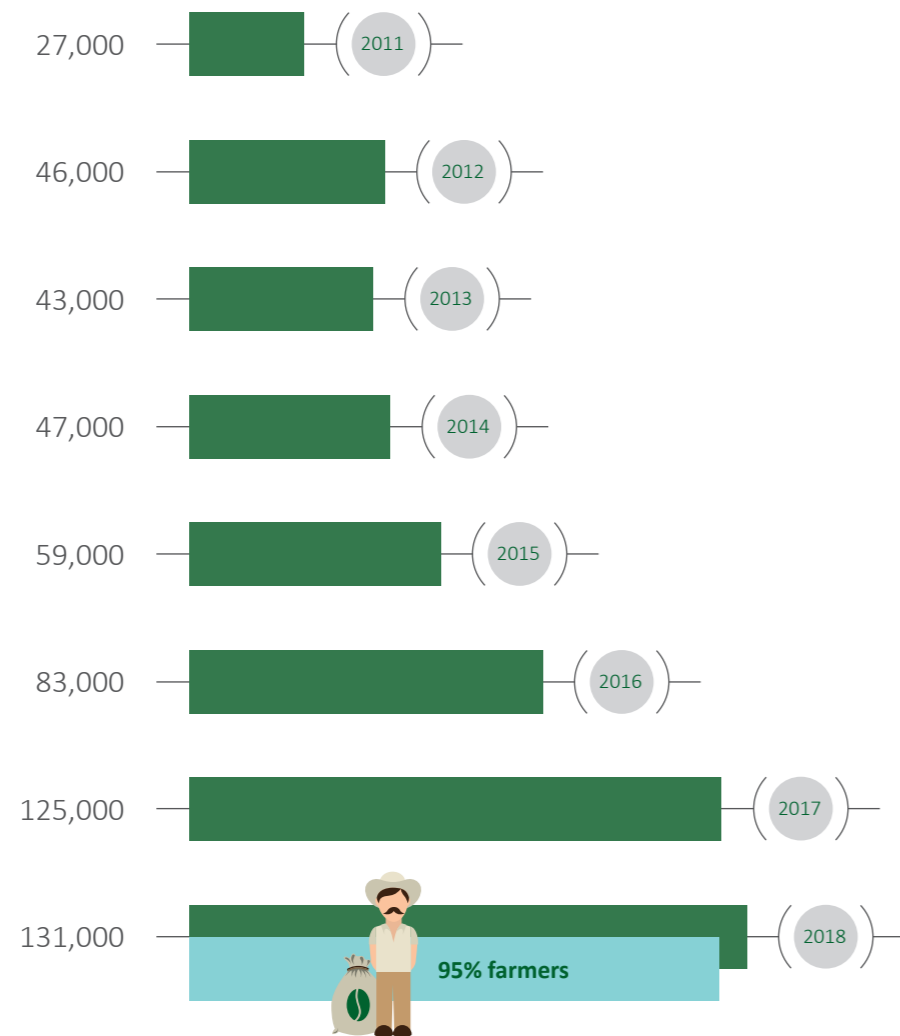


OUR GLOBAL SUSTAINABILITY ENGAGEMENT

Since 2011, NKG has invested more than 10M USD in sustainability initiatives in origin countries; with an investment of over 2M USD in 2018 alone. Furthermore, we spent 780K USD in 2018 on corporate volunteering and partnerships striving for a sustainable coffee sector. More than 30M

USD of financing was provided to NKG supply chain members; with 17.7M to middlemen, 6.4M to farmer organizations and 5.9M USD to farmers directly. NKG has steadily increased its engagement in origin countries. Since 2011, the number of beneficiaries has increased almost five times:

Number of beneficiaries supported by NKG

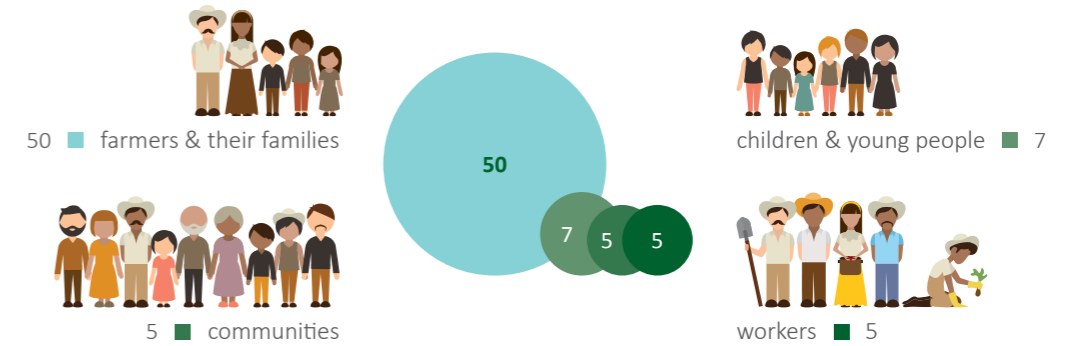


Across all initiatives, NKG reached 131K beneficiaries in 2018. In addition, 20 coffee communities benefited from investments in infrastructure and community services.

248K hectares of coffee are covered by our sustainability initiatives.

Our sustainability initiatives address the needs of multiple target groups.

The initiatives can address more than one target group.



At NKG, we focus on improving the livelihood of smallholder farmers. In addition, we run community projects to enhance the local infrastructure, safeguard the environment and help young members of society to thrive.

Collaboration is key to success



More than **80 partners** help us to achieve our sustainability goals.

We are a proud founder of International Coffee Partners, a founding member of coffee & climate and a partner of the Sustainable Coffee Challenge.





PROMOTING RESPONSIBLE
SOURCING

CREATING OPPORTUNITIES FOR ALL PARTNERS

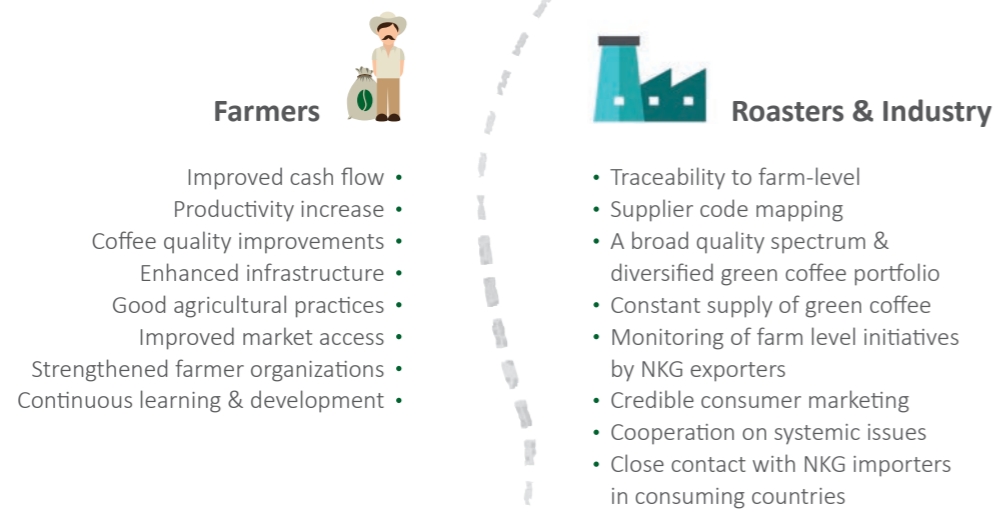
At NKG, we aim to provide differentiated services and attractive opportunities to producers and buyers alike.

Our sustainability initiatives combine several innovative features and possibilities for working together on supply chain sustainability:

Our approach to responsible sourcing



Activities offer a high return on investment

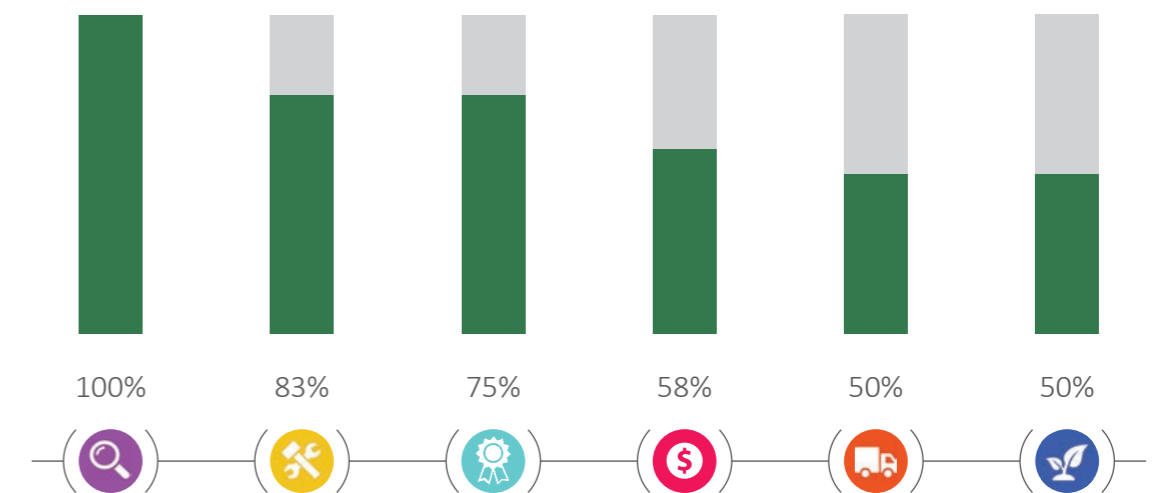


We want to be your 1st choice partner for sustainability in green coffee

Practical approach to improve the farmers' quality of life

We promote targeted solutions to the main sustainability challenges of coffee farmers in producing countries worldwide. The possibilities of working together on supply chain sustainability are manifold: we can count on exceptionally well-trained staff, an incomparable coffee infrastructure and a vast experience. Our exporting companies are active partners in their communities. We follow a multifaceted approach with a focus on traceable and responsible sourcing:

Activity focus of NKG exporters



Outstanding achievements in 2018





SUSTAINABILITY INITIATIVES

Coffee is a people's business

We would like to introduce you to 12 coffee farmers from different origin countries where we as NKG have a strong local presence through our export companies. True cooperation goes beyond purely commercial relationships - it contributes to improving the livelihoods of producers and their families.

You want to learn more about our sustainability initiatives?

On the next twelve pages, you will find key facts about 12 selected country-specific sustainability initiatives. Our partnering farmers themselves will share their personal stories about each presented sustainability program with you.



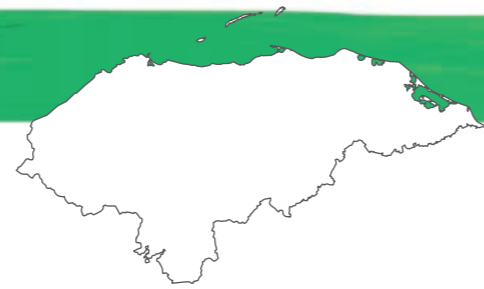
Print goes digital

Listen to the farmers' personal coffee stories. They will be happy to tell you in their native language where they come from and what coffee really means to them.

Simply look out for these icons and use the QR codes to access audio files and interviews with extraordinary insights.



NKG EXPORTER FACT SHEETS



Beneficio de Café Montecristo

HONDURAS



Company Facts (2018)

- 10 employees actively engaged in CR
- 338K USD invested in CR initiatives
- 2,737 beneficiaries reached
- Among the top 3 exporters

Country Facts

- Coffee contributes to 4.9% of GDP
- 7.45M 60 kg bags of coffee produced annually (2017/18)
- 120K farmers work in coffee sector (thereof 94% smallholders)
- Avg. smallholder farm size is 2.8 ha



RECUPERANDO MI CAFETAL

In partnership with: ANACAFEH, IHCAFE

"Coffee is our main activity here. Protecting the environment pays off in a better family income."

Marta Cortés, family farmer from Honduras

Our initiative's coffee

- Arabica, washed; SHB SCA 83 pts
- Certification: UTZ
- 105 ha under coffee production
- Regions: Lempira and Santa Barbara

Goal of initiative

Recover areas affected or lost through coffee leaf rust by providing producers with technical advice, inputs and tools.



Main activities started in March 2015

- Provision of technical assistance to farmers / farmer organizations
- Provision of financial services and products to farmers / farmer organizations
- Supplying farmers / farmer organizations with agronomic inputs
- Supporting farmers in the process of receiving standards & certification

Key achievements in 2018

- 145 beneficiaries reached
- All farmers installed with waste management systems
- 140 farmers with access to renewable energy
- 500 farm visits to give technical assistance

"We support coffee-producing families in the recovery of coffee plantations to generate a better income at the family level."

Beneficio de Café Montecristo



One selected farm-level initiative



Berindo Jaya

INDONESIA



Company Facts (2018)

- Supporting the precompetitive work of HRNS with 9,211 beneficiaries reached
- State-of-the-art Robusta mill

Country Facts

- Coffee contributes to 0.15% of GDP
- 10.74M 60 kg bags of coffee produced annually (2017/18)
- 888K farmers work in coffee sector (thereof 90% smallholders)
- Avg. smallholder farm size is 1.5 ha



STRENGTHENING THE SMALLHOLDER ROBUSTA SECTOR

An initiative by International Coffee Partners in collaboration with Smucker's

"I feel that it was a good thing to become a coffee farmer. Coffee provides us with a better income."

Tumiarasih, family farmer from Indonesia

Our initiative's coffee

- Robusta
- 12,613 ha under coffee production
- Region: OKUS District in South Sumatra

Goal of initiative

Fostering income-generating activities and improving climate change resilience in coffee production.



Main activities started in June 2013

- Provision of technical assistance to farmers / farmer organizations
- Marketing assistance
- Supporting farmers in organizational structuring

Key achievements in 2018

- 9,211 farmers reached, thereof 28% women
- 398 farmer organizations supported
- 0.31 kg of coffee yield per tree
- Avg. farmer revenue of 1,500 USD per ton of green coffee

"This initiative reduces pressure on the natural resources of the Tropical Rainforest Heritage of South Sumatra."

Berindo Jaya



One selected farm-level initiative

NKG EXPORTER FACT SHEETS

CECA



Company Facts (2018)

- 5 employees contributing to CR
- 168K USD invested in sustainability initiatives
- 349 beneficiaries reached
- More than 267 high-end micro lots sold



IMPULSANDO PROGRESO SOSTENIBLE

In partnership with: BAC Credomatic & ICAFE

"Coffee has given our community a lot throughout the years. The young generation should always have at least a little education in coffee farming."

Alexander Bonilla, family farmer from Costa Rica

Our initiative's coffee

- Arabica, washed; strictly hard bean, European preparation, clean cup
- 85.3 ha under coffee production
- Region: Palmichal vicinity

Goal of initiative

Supporting farmers in renovating the area under production with high-yielding, resistant, good cup quality varieties.



Main activities started in April 2015

- Provision of financial services to farmers / farmer organizations
- Distribution of seedlings from own nursery to producers
- Supporting producers in farm renovation and provision of technical assistance
- Distribution of agronomic inputs to producers

Key achievements in 2018

- 146 farmers reached
- 15 ha of coffee production area re-established
- 70.3 ha renovated
- 241K USD of financing provided for farm renovation
- 354,000 seedlings produced and distributed to farmers

"In our sourcing area, we run the largest single nursery, providing the trees at cost of production, on a 4-year financing program."

CECA



One selected farm-level initiative

COSTA RICA



Country Facts

- Coffee contributes to 0.53% of GDP
- 1.51M 60 kg bags of coffee produced annually (2017/18)
- 43K farmers work in coffee sector (thereof 99% smallholders)
- Avg. smallholder farm size is 0.5 ha

Compañía Internacional del Café



Company Facts (2018)

- 8 employees actively engaged in CR
- 81K USD invested in sustainability initiatives
- 645 beneficiaries reached
- Among the top 3 exporters



COINCA CAFÉS ESPECIALES

"The coffee plantation renovation program is excellent. It helps us to produce more and at a lower cost."

Carmen Lourdes Peñaloza, family farmer from Peru

Our initiative's coffee

- Arabica, washed; grade 1
- Certification: Organic, UTZ
- 3,227 ha under coffee production
- Region: Junin

Goal of initiative

Increase economic and environmental sustainability for farmers while focusing on productivity and quality improvements in remote coffee-growing regions.



Main activities started in June 2015

- Supporting farmers in the renovation process; establishing model farms
- Distribution of fertilizer and financing of inputs for producers
- Supporting farmers in the process of receiving standards & certification
- Usage of all sub-products from coffee process, e.g. transformation of pulp into organic fertilizer
- Installation of ecological kitchens and water reservoirs

Key achievements in 2018

- 645 farmers under certification
- 213 women participating
- 545 farmers receiving direct financing
- 126K seedlings distributed
- 201 producers trained on GAP
- 1,500 farm visits and 12 demo plots
- 198 waste management systems installed

"Via knowledge transfer and efficient use of inputs, we show the Peruvian coffee sector that it is possible to grow organically and at the same time achieve 40 quintals per hectare."

Compañía Internacional del Café



One selected farm-level initiative

NKG EXPORTER FACT SHEETS

Exportadora de Café California



MEXICO



- Company Facts (2018)**
- 51 employees actively engaged in CR
 - 116K USD invested in CR initiatives
 - 4,230 beneficiaries reached
 - Among the top 3 exporters

- Country Facts**
- Coffee contributes to 0.05% of GDP
 - 4.6M 60 kg bags of coffee produced annually (2017/18)
 - 500K farmers work in coffee sector (thereof 90.9% smallholders)
 - Avg. smallholder farm size is 1.4 ha



POR MÁS CAFÉ

In partnership with: FIRA México

"We were offered a loan for seven years. And, well, that was exactly what we needed, because we needed money to start over after the coffee leaf rust crisis."

René Pereyra Cruz, family farmer from Mexico

Our initiative's coffee

- Arabica, washed; SHG/HG and Robusta, unwashed
- Certification: 4C, UTZ, C.A.F.E. Practices
- 3,928 ha under coffee production
- Regions: Chiapas, Veracruz and Puebla

Goal of initiative

Por Más Café is a comprehensive renovation program in three Mexican coffee estates aiming to ensure the supply of coffee for the next 10 years.



Main activities started in April 2014

- Distribution of seedlings from own nursery to farmers / farmer organizations
- Provision of financial services and products to farmers
- Support in farm renovation and continuous technical assistance
- Supporting farmers in the process of receiving standards & certification

Key achievements in 2018

- 4,230 farmers reached
- 3.3M USD of financing provided
- 3.7K tons of agronomic inputs disbursed
- 3.5M seedlings distributed
- 12,690 farm visits to give technical assistance
- 1,046 ha renovated

"We successfully run the largest farm renovation program in Mexico."
Exportadora de Café California



One selected farm-level initiative

Ibero Uganda



UGANDA



- Company Facts (2018)**
- 45 employees actively engaged in CR
 - 299.8K USD invested in CR initiatives
 - 3,068 beneficiaries reached
 - Among the top 3 exporters

- Country Facts**
- Coffee contributes to 1.8% of GDP
 - 4.41M 60 kg bags of coffee produced annually (2017/18)
 - 1.59M farmers work in coffee sector (thereof 99% smallholders)
 - Avg. smallholder farm size is 0.25 ha



NKG BLOOM UGANDA

In partnership with:

ABN AMRO, GIZ, HRNS, IDH, IPC, MasterCard Foundation, UCFA & Yara

"After applying fertilizer, the trees changed. I have more coffee already and next season I'll be getting even more coffee."

Benedict Zawula, family farmer from Uganda

Our initiative's coffee

- Robusta, unwashed, screen 12, 15, 18
- 12,600 ha under coffee production
- Regions: Masaka, Mityana and Luwero, Lwengo, Nakaseke, Bukumansibi, Mubende, Kalungu

Goal of initiative

Helping farmers to increase household incomes through provision of fertilizer and cash advances via mobile money.



Main activities started in March 2017

- Provision of financial services / financial products such as to farmers and farmer organizations
- Distribution of agronomic inputs to farmers / farmer organizations

Key achievements in 2018

- 30 farmer organizations receiving financial services
- 99% of farmers repaying advances
- 529.3K tons of agronomic inputs disbursed worth 307K USD

"We are setting up the deepest distribution network for high-quality fertilizer in the last mile coffee farming regions."
Berindo Jaya



One selected farm-level initiative

NKG EXPORTER FACT SHEETS

Neumann Gruppe Vietnam



Company Facts (2018)

- 2 employees actively engaged in CR
- 23K USD invested in CR initiatives
- 1,509 beneficiaries reached
- Modern mill: 100K MT of green coffee annually



PROJECT DAK NONG

In partnership with: Centers for Disease Control and Prevention

The program has brought me many benefits such as improved farming techniques, better access to market price information and more awareness for the use & reuse of pesticide bottle packaging.

Truong Van Han, family farmer from Vietnam

Our initiative's coffee

- Robusta, unwashed
- Certification: 4C
- 1,000 ha under coffee production
- Region: Dak Nong province

Goal of initiative

Supporting farmers in improving their agricultural know-how and increase their awareness for coffee quality.



Main activities started in January 2012

- Technical assistance to farmers / farmer organizations
- Marketing assistance to farmers / farmer organizations



Key achievements in 2018

- 653 farmers reached
- 96 hours spent on farm visits for technical assistance
- 17 farmer groups / cooperatives established
- 653 farmers with access to renewable energy

"We encourage farmers to make investment decisions based on a sound understanding of costs and benefits of sustainability at the farm level."

Neumann Gruppe Vietnam



One selected farm-level initiative

New Guinea Highlands Coffee Exports



Company Facts (2018)

- 6 employees actively engaged in CR
- 95K USD invested in CR initiatives
- 4,428 beneficiaries reached
- Among the top 3 exporters; largest certified organic mill



KOROFEIGU COOPERATIVE

In partnership with: CARE International & PPAP(CIC)

"My general feeling is that I am recognized for the quality coffee that we produce at the Korofeigu coffee cooperative."

Papy Kanipa, family farmer from Papua New Guinea

Our initiative's coffee

- Arabica, washed; screen 17/18
- Certification: Organic
- 218.3 ha under coffee production
- Region: Eastern Highlands province (Bena)

Goal of initiative

Supporting farmers in the process of receiving quality standards and certification.



Main activities started in January 2012

- Technical assistance to farmers / farmer organizations
- Supporting farmers in the process of receiving standards & certification
- Provision of more transparent market information



Key achievements in 2018

- 250 beneficiaries reached
- 249 farmers receiving financial services
- 750 farm visits to give technical assistance
- 8 hours spent on avg. per group on technical assistance
- 20 demo plots established

"We encourage farmers to produce the best quality organic coffee in Papua New Guinea."

New Guinea Highlands Coffee Exports



One selected farm-level initiative

NKG EXPORTER FACT SHEETS

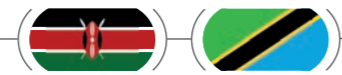


NKG East Africa



- Company Facts (2018)**
- 18 employees actively engaged in CR
 - 228K USD invested in CR initiatives
 - 42,803 beneficiaries reached
 - Among the top 3 Arabica shippers

KENYA & TANZANIA



- Country Facts**
- Coffee contributes to 0.28% of GDP
 - 0.68M 60 kg bags of coffee produced annually (2017/18)
 - 601K farmers work in coffee sector (thereof 99% smallholders)
 - Avg. smallholder farm size is 0.2 ha



MERU INITIATIVE IN KENYA

In partnership with: Paddy & Scott's Cafes and Tropical Farm Management Kenya

"Improvements on the farm are greater than I have ever seen before in my years as a coffee farmer."

George Muchomba, family farmer from Kenya

Our initiative's coffee

- Arabica, washed, bean size: AA, AB, PB; 90% screen size 15 up
- 4 ha under coffee production
- Region: Central Kenya, Meru

Goal of initiative

Improving awareness for coffee as a source of income by means of a school infrastructure project linked to coffee farming.



Main activities started in April 2016

- Investments in infrastructure
- Provision of access to market
- Provision of community services such as education and sanitation

Key achievements in 2018

- 900 young people reached
- School with integrated coffee garden established
- 50 seedlings distributed per young person to grow on their family farm
- 6.6 km water feed installed

"The Meru Initiative is a true intergenerational approach – bringing together coffee farming, families and education."
NKG East Africa



One selected farm-level initiative



NKG India Coffee



- Company Facts (2018)**
- 1 employee actively engaged in CR
 - 47K USD invested in CR initiatives
 - 273 beneficiaries reached
 - Direct trading model

INDIA



- Country Facts**
- Coffee contributes to 0.04% of GDP
 - 5.69M 60 kg bags of coffee produced annually (2017/18)
 - 438.9K farmers work in coffee sector (thereof 49.6% smallholders)
 - Avg. smallholder farm size is 2 ha



NKG INDIA PLANTERS GROUP

"What I have seen is that documentation is key for improvements. We used to do these sustainability programs earlier too. But now we have more clarity."

Pradeep Rebello, family farmer from India

Our initiative's coffee

- Arabica, washed and semi-washed; Robusta, unwashed
- Certification: UTZ, RFA
- 4,508 ha under coffee production
- Regions: Chikmagalur, Hassan, Kodagu

Goal of initiative

Supporting small and medium-sized farms in achieving certification.



Main activities started in June 2010

- Supporting farmers in the process of receiving standards and certification
- Provision of community services such as access to water, sanitation, education and healthcare

Key achievements in 2018

- 64 beneficiaries reached
- All farmers with improved water sources
- 90 farm visits to give technical assistance
- 380 hours spent on technical assistance to farmers
- 60 farm owners trained on labor rights & supplier policies

"We overcame disconnected value chains by establishing a close relationship with Indian coffee farmers. This allows us to better support their needs and grow our value business."
NKG India Coffee



One selected farm-level initiative

NKG EXPORTER FACT SHEETS

SKN Caribecafé



- Company Facts (2018)**
- 24 employees actively engaged in CR
 - 185K USD invested in CR initiatives
 - 12,342 beneficiaries reached
 - 1st export company of Neumann

COLOMBIA



- Country Facts**
- Coffee contributes to 0.78% of GDP
 - 13.82M 60 kg bags of coffee produced annually (2017/18)
 - 540K farmers work in coffee sector (thereof 95% smallholders)
 - Avg. smallholder farm size is 1.5 ha



NESPRESSO AAA SUSTAINABLE QUALITY

In partnership with: Nespresso

"My coffee quality keeps on improving day after day, as well as my farm's sustainability."

Hever Montealegre, family farmer from Colombia

Our initiative's coffee

- Arabica, washed; Nespresso prodile and popeye preparation
- Certification: AAA
- 12,327 ha under coffee production
- Region: Huila

Goal of initiative

Ensuring that coffee farms keep improving their product's value by meeting the quality, sustainability and productivity criteria established under the program.



Main activities started in May 2008

- Provision of technical assistance to farmers / farmer organizations
- Supporting farmers in the process of receiving standards & certification



Key achievements in 2018

- 4,000 farmers reached
- 7,372 farm visits to give technical assistance
- 3 farmer groups established
- High premiums paid are constant
- Avg. monthly worker wage of 269.39 USD



"The Colombian farmer recognizes this program as one of the best in the market."
SKN Caribecafé

One selected farm-level initiative

NKG Stockler



- Company Facts (2018)**
- 4 employees actively engaged in CR
 - 71K USD invested in CR initiatives
 - 580 beneficiaries
 - Among the top 3 exporters; in-house market and field research

BRAZIL



- Country Facts**
- Coffee contributes to 0.24% of GDP
 - 51.2M 60 kg bags of coffee produced annually (2016/17)
 - 280K farmers work in coffee sector (thereof 85% smallholders)
 - Avg. smallholder farm size is 8 ha



GRUPO RAS – NKG STOCKLER CERRADO

"We were able to improve a lot because of the knowledge and expertise we received."

Marcos Miaki, family farmer from Brazil

Our initiative's coffee

- Brazil Arabica Cerrado coffee
- Arabica, unwashed
- Certification: RFA
- 6,973 ha under coffee production
- Region: Cerrado (MG)

Goal of initiative

Supporting the producers in achieving their first steps toward more sustainability in coffee farm management.



Main activities started in January 2012

- Providing technical assistance to farmers / farmer organizations
- Supporting farmers in the process of receiving standards & certification



Key achievements in 2018

- 18 farmers reached
- 72 farm visits for technical assistance
- All farm owners trained on labor rights and supplier policies
- 18 farmers with access to improved water sources



"Based on an inclusive approach, we aim to create awareness for sustainability within coffee."
NKG Stockler

One selected farm-level initiative



OUR OWN FARMS

IMPROVING LIVING CONDITIONS OF RURAL YOUTH

Future perspectives for rural youth are limited. Together with HRNS, NKG has therefore introduced initiatives that go beyond coffee farming to create new opportunities for rural youth in the surrounding area of its farms in Uganda, Mexico and Brazil. These initiatives offer local youth on- and off-farm training, educational courses and social & sportive activities to improve their prospects. The total budgets for these initiatives amount to more than 250K USD. In 2018 alone, 564 beneficiaries were reached.



Kaweri Coffee Plantation

- Type of coffee: Robusta, washed
- Planted area: 1,604 ha
- Nature reserve: 598 ha



Silas Makune, Farm Sustainability Manager



Finca la Puebla

- Type of coffee: Arabica, washed
- Planted area: 1,388 ha
- Nature reserve: 108 ha
- Certification: RFA, UTZ



Daniel Aranda, Farm Sustainability Manager



Fazenda da Lagoa

- Type of coffee: Arabica, washed and natural
- Planted area: 1,857 ha
- Nature reserve: 1,240 ha
- Certification: RFA, UTZ, 4C, C.A.F.E. Practices



Regina Monserrat, Farm Sustainability Manager

Youth Initiative 2018 – Running since 2016

- Activities: Training in practical and theoretical farming aspects
- Beneficiaries 2018: 90 young adults

- Activities: Vocational training, skills development and scholarships
- Beneficiaries 2018: 181 young adults

- Activities: Sports and educational and vocational training courses
- Beneficiaries 2018: 394 young adults

Achievements 2018

- 95% report higher confidence after training
- 85% of all participants are now involved in agriculture and earn a living from it
- 67% have established IGAs other than crop production, such as animal rearing or poultry keeping
- 75% of youth are being supported by youth alumni

- Increased employability of youth through technical training, such as mechanics, nursing & horticulture
- 2 groups of young women started their own business through entrepreneurship training & seed funding
- Increased awareness on risk factors, such as unplanned pregnancies, drug addiction & violence

- “Casa da Criança” fully established in the community after 2 years of operation since its reopening
- 50% increase in youth participants compared to 2017
- 100% of course participants “Mechanization in coffee production” are now employed on local coffee farms

One selected farm-level initiative



One selected farm-level initiative



One selected farm-level initiative





STRONG PARTNERSHIPS
MAKE A DIFFERENCE



JOINING FORCES

Our strategic partnerships enable us to also reach farmers beyond our own supply chain. They play an important role for the livelihood of tens of thousands of farmers. Partnering with main industry players and coffee sustainability experts pushes us to continuously challenge ourselves to make a real difference in coffee producing regions worldwide.



Industry partners united

Implemented by the **Hanns R. Neumann Foundation** (hrnstiftung.org), we achieved success through a collaborative effort: in 2018, we reached 54,440 farmers in cooperation with our strategic partners. Due to the successful cooperation with **coffee & climate** (coffeeandclimate.org) and **International Coffee Partners** (coffee-partners.org), the number is steadily growing. Further initiatives promoting sustainable farming methods make farmers more competitive – thus providing for them and their families.

coffee & climate
enabling effective response

3 initiatives with
6,870 farmers



**INTERNATIONAL
Coffee Partners**

5 initiatives with
47,570 farmers

GET IN TOUCH

We hope that you enjoyed your journey to the origin of coffee!

Our intention is to give you insights into NKG's business approach to sustainability by showcasing some of our efforts to promote responsible sourcing in our industry.

We at NKG will be happy to continue the dialogue on Corporate Responsibility and engage with you to jointly drive sustainability within coffee.

If you have any questions or suggestions, or if you would like further information, please don't hesitate to contact us: cr@nkg.coffee

The Challenge

Our decentralized approach to sustainability has helped us design and implement countless related activities at different steps of the coffee value chain. As a result, today we unify a lot of sustainability know-how within NKG. However, our many activities in this field need to be communicated more strongly within and outside the Group.

The Solution

By means of a Group-wide sustainability strategy, we want to clearly position NKG as a Corporate Responsibility (CR) leader within the green coffee industry. Success requires the integrated efforts of the holding company and the business units. We build on our existing structures and processes, following our organizational approach "as centralized as necessary and as decentralized as possible".

The Commitment

By leveraging our existing approaches and addressing future needs of our industry, we have developed a Group-wide sustainability strategy framework. It is based on four focus areas that are of strategic importance to us and that we want to promote as a Group:

- Driving responsible business conduct within NKG
- Promoting responsible sourcing
- Safeguarding our environment
- Enhancing dialogue & cooperation on sustainability

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