

NKG'S APPROACH TO EUDR

PROTECTING THE FUTURE OF COFFEE
THROUGH TRACEABILITY, COOPERATION,
AND SUSTAINABILITY





NKG's Approach to EUDR

The loss of forests and biodiversity, along with the accelerating impacts of climate change, poses a serious threat to the livelihoods of coffee producers worldwide and to the long-term resilience of the global coffee supply. At NKG we recognize our responsibility in addressing these challenges. We fully support the objectives of the EU Deforestation Regulation (EUDR) and are committed to playing an active role in its successful implementation. Through close collaboration with our business partners—both suppliers and customers—we aim to ensure that our solutions for EUDR are not only effective but also efficient and inclusive.

With NKG, you are prepared for the EUDR:

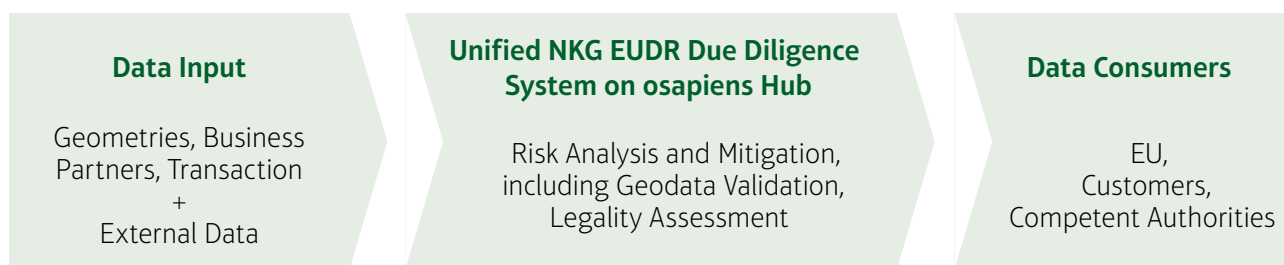
- ✓ Our proprietary **supply chain programs NKG Verified and NKG Bloom** exceed the requirements of EUDR and other regulations, serving as initial blueprints for compliance. Furthermore, our field teams work daily with producers, providing services to address root causes of deforestation.
- ✓ Through our **17 export companies**, NKG has established long-standing relationships with suppliers and possesses **in-depth knowledge of the local coffee sectors**.
- ✓ We have taken a deep-dive on EUDR and fostered a common understanding of the regulation both internally and with our business partners to be able to take coherent actions.
- ✓ We have established protocols for the consistent mapping of coffee plots and the creation of **high-quality polygons**, which are essential for accurate monitoring and compliance.
- ✓ An effective response to EUDR requires substantial efforts and investments in both human and technical resources. Luckily, we can leverage the power of over **300 colleagues** working in sustainability and even more colleagues supporting smooth logistics.
- ✓ Building on our existing work, we have established one **common NKG EUDR Due Diligence System**, which ensures efficiency and coherence in our reply to EUDR across NKG.



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Bird's eye view on the NKG EUDR Due Diligence System



Steps of our geodata-based Due Diligence Process

Everything starts with high-quality geodata. We have set up a comprehensive, methodology to validate geodata quality, its plausibility as coffee growing area and check specific deforestation and legality risks. This method serves as a global NKG benchmark and is available across NKG, making deforestation analysis ubiquitous and accessible across the group.

Geodata Quality Validation	Legality Risk Assessment	Deforestation Risk Analysis
We validate geodata, including buffering points, cleaning polygons, and checking plausibility based on elevation, land cover, and acreage.	We assess legality risks for each geometry, and perform abstract risk assessments of the origin country as well as business partner specific risk analysis on the osapiens HUB. In case of non-negligible risk indications relevant risk mitigation measures are applied and documented.	For deforestation after 2020 we perform checks at plot level. The forest baseline check assesses if the area in question was forest prior to the cut-off date. It is followed by the deforestation and canopy time series analysis relying on a combination of satellite data assessing the risk of conversion to agriculture. In case of findings, we investigate further to assess if deforestation occurred. The method is continuously being improved.



Our Due Diligence System is the cornerstone of our approach to EUDR. Efficient due diligence processes are essential to manage information flows effectively, which is assured by one unified NKG system for EUDR and Business Partner Due Diligence. The osapiens Hub is the backbone of this system that simplifies, standardizes, and automates due diligence processes for EUDR and other regulations.

The Hub allows our suppliers and group companies to efficiently provide information that passes through our due diligence processes and is conveniently distributed to authorities and subsequently to our customers.

By collaborating with osapiens, we strengthen NKG's position as a leading green coffee service provider. This partnership increases efficiency and maximizes value creation by enhancing our business relationships. Additionally, it ensures the best possible and streamlined preparation for EUDR compliance across our entire group. This is only a start - we will be able to manage diverse ESG topics with our business partners via osapiens.

We regularly update and refine our methodology based on customer and regulatory requirements.

About osapiens

osapiens is a Germany-based ESG software company that supports businesses in achieving regulatory compliance and sustainability goals through its AI-powered cloud platform, the osapiens HUB. With over 1,800 customers worldwide relying on its platform and a team of more than 500 employees, osapiens delivers scalable solutions that help companies meet regulatory requirements like the EUDR while driving sustainability and efficiency across their operations. The EUDR module integrates functionalities for traceability, geospatial analysis, business partner and document management, as well as automated due diligence processes, making it a powerful solution for companies seeking to meet EUDR requirements.

About Neumann Kaffee Gruppe (NKG)

Neumann Kaffee Gruppe (NKG) is the world's leading green coffee service group. Privately owned for more than three decades, it's comprised of more than 40 operative companies in 27 countries specializing in green coffee farming, exporting, importing and specialty services. Its teams are composed of more than 3,300 coffee specialists worldwide, and together they represent an unparalleled knowledge of green coffee.

To find out more, please visit www.nkg.coffee

Get in Touch!

Join us in our efforts or get in touch with us concerning your questions about the EUDR.

Please contact your trader or write an email to:

✉ sustainability@nkg.coffee

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