



Bill S-211 Report for RGC Coffee Inc.

Report Date: May 28, 2025

Reporting Period Start: January 1, 2024

Reporting Period End: December 31, 2024

About this Report

RGC recognizes its responsibility to respect and promote human rights and is committed to fostering ethical labor practices and transparency across its global operations and supply chains. This report outlines the measures taken by RGC Coffee during the 2024 reporting year to prevent, identify, and address risks related to forced labor and child labor within its supply chains.

This report is submitted in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada, Bill S-211) and is presented on behalf of RGC Coffee Inc., as well as its affiliated entities: RGC Americas S.A.S., based in Bogotá, Colombia, and RGC USA Inc., based in Los Angeles, California.

Company Overview

RGC Coffee Inc. is a Canadian company headquartered in Montreal, Quebec, with more than 55 years of experience in the global trade of green coffee. The company specializes in sourcing and distributing unprocessed green coffee (raw material), including washed Arabica, natural Arabica, and Robusta, from a diverse network of suppliers in countries such as Colombia, Peru, Brazil, Honduras, Nicaragua, Ethiopia, and others.

RGC Coffee does not engage in processing, roasting, or transforming coffee. Rather, it operates strictly as a business-to-business green coffee trader that sources unprocessed coffee beans from origin countries and distributes them through commercial clients in Canada, the United States, and Europe.

The company maintains a global workforce of 36 employees, distributed as follows:

- 20 employees at the Montreal, Canada head office
- 14 employees at RGC Americas, based in Bogotá, Colombia
- 2 employees at RGC USA, based in Culver City, California

As part of its long-standing commitment to ethical sourcing and sustainable development, RGC Coffee implements the 3E® Elevate, Empower, Educate, as the foundation of all sustainability efforts carried out with suppliers and within supply chains. This proprietary framework guides the company's work to:

- Elevate supply chain transparency and community well-being
- Empower producers and partners through economic inclusion and capacity-building



- Educate stakeholders on sustainable practices that promote regenerative agriculture and human rights

Through the 3E framework, RGC Coffee integrates its sustainability vision with its compliance obligations, ensuring that all supply chain engagement contributes to the prevention of labor exploitation and the promotion of dignified livelihoods.

RGC Coffee's Due Diligence System: Policy, Process for Impact Identification and Assessment, Prevention, and Mitigation

RGC Coffee's due diligence policy is based on the OECD Due Diligence Guidance for Responsible Business Conduct, recognizing that the company's business activities can result in adverse impacts related to workers, human rights, the environment, bribery, consumers, and corporate governance.

The purpose of this policy is to implement a robust due diligence process that details RGC's efforts to identify, prevent, mitigate, and remediate risks, particularly those related to forced labor and child labor, across its operations and supply chains. Regardless of where it operates, RGC strives to act in accordance with local laws. When local laws are less stringent than the labor and social criteria included in the 3E® by RGC scheme, RGC applies its own internal standards.

RGC's due diligence system, illustrated in *Figure 1: RGC Coffee's Due Diligence Process*, is structured in five steps in alignment with the OECD model and is supported by the following mechanisms and procedures:

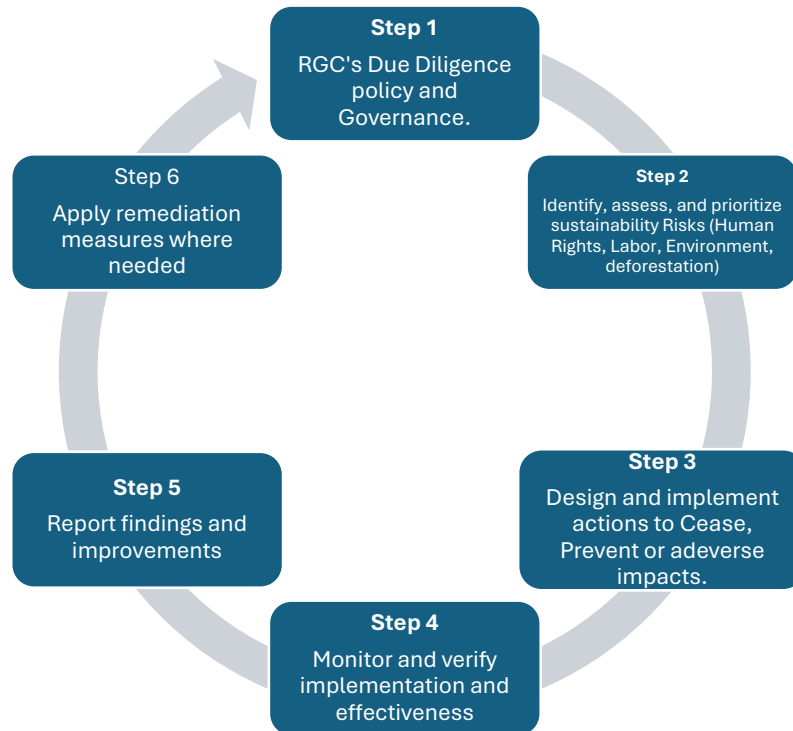


Figure 1: RGC Coffee's Due Diligence Process

Step 1 - Policy Commitments and Governance

- RGC has reviewed and updated key corporate policies, including the Human Rights Policy, Code of Ethics and Values, Deforestation and Traceability Policy, and the 3E® by RGC Sustainability Scheme, to align with OECD standards and Bill S-211 requirements.
- All forms of child and forced labor are explicitly prohibited. These prohibitions are embedded into the code of ethics and values that each supplier must sign as part of the onboarding process and the 3E verification requirements.
- These policies were formally approved by RGC Coffee's President and Board of Directors.
- RGC established the 3E Committee, which manages communications, on field assessment, reporting, and coordination on human rights issues.
- Updated policies and standards have been communicated to all employees and suppliers through internal mail and onboarding processes.
- A training plan was implemented for all staff, including onboarding sessions that cover ethical labor practices and grievance procedures.
- The policy suite and implementation mechanisms are reviewed annually to account for new risks, regulatory changes, and lessons learned.

Step 2 - Identification and Assessment of Risks

RGC applies a three-level risk assessment model to evaluate potential human rights risks, especially regarding child and forced labor:

- Macro-level: based on country-level indices (e.g., corruption, armed conflict, human rights violations).
- Meso-level: focused on sectoral or regional indicators (e.g., labor informality in coffee-producing regions).
- Micro-level: detailed evaluation of RGC's own suppliers through field audits, data from cooperatives, and georeferenced traceability systems.

The 3E verification plays a central role in operating this model. It includes field visits, documentation reviews, and structured supplier evaluations with a focus on:

- Worker age verification
- Employment conditions and payment
- Risk of informal or undocumented labor
- Working hours and health/safety compliance

According to RGC's 2024 evaluation of its supply chains, no cases of forced or child labor were identified. However, medium-level risks were flagged in:

- Labor rights, due to informal labor relationships in smallholder farming
- Vulnerability to regional conflict (macro context)

These findings have helped prioritize internal investments in training, documentation support, and producer capacity-building.

Step 3 – Prevention and Mitigation Measures

RGC has adopted specific preventive and corrective actions to address potential risks of forced labor, child labor, and poor working conditions across its supply chain:

- Supplier onboarding through 3E audits, ensuring labor practices comply with RGC's internal standards and sustainability commitments.
- Distribution and mandatory signature of the RGC Code of Ethics by all suppliers. This Code outlines clear prohibitions against child and forced labor, and sets expectations for safe, fair, and ethical labor practices throughout the supply chain.
- A segmentation plan to prioritize support for higher-risk suppliers and progressively elevate standards across the supply chains, focusing resources where vulnerabilities are more likely to occur.

- Implementation of the Las Manos del Café program, a strategic initiative under the 3E framework that seeks to:
 - Dignify the role of coffee workers in the supply chain,
 - Promote wage transparency and social recognition, and
 - Reduce and close living wage gaps through field diagnostics, collaborative action plans, and producer engagement.
- Delivery of field-based training and technical assistance to cooperatives and producer groups, focusing on:
 - Legal labor requirements
 - Prevention of child labor
 - Safe working conditions and wage practices

The 3E is continuously strengthened with EUDR indicators to ensure that labor rights verification is integrated with deforestation-free and traceability goals, supporting comprehensive due diligence and sustainable sourcing outcomes.

Step 4 - Stakeholder Engagement and Capacity-Building

RGC engages internally and externally to foster shared responsibility for labor rights:

- Mandatory training for all employees and partner organizations on labor rights, grievance handling, and child protection.
- Active support and training for Cooperatives and producer organizations, focused on record-keeping, hiring practices, and grievance communication.
- The 3E Committee is responsible for maintaining records of risk signals, updates on regulatory changes, and policy enforcement.

5. Grievance Mechanism and Continuous Improvement

- In 2023, RGC Coffee formalized its Grievance and Appeals Procedure under the 3E® by RGC Sustainability Scheme. This mechanism enables workers, producers, community members, and all supply chain stakeholders to raise concerns in a secure, structured, and confidential manner.
- The procedure covers a broad range of issues including labor rights violations (such as child or forced labor), unethical conduct during evaluations, conflicts of interest, and breaches of confidentiality. Submissions are accepted via email or physical mail, and can be filed anonymously if requested.

- All grievances and appeals are reviewed by the 3E Committee, which conducts a structured investigation and determines appropriate corrective or remedial actions. If required, the committee may engage external experts or evaluators to ensure impartiality and technical rigor.
- The grievance mechanism is integrated into RGC's due diligence system, linking to:
 - Field audit results
 - Feedback from training sessions
 - Supplier risk classification reviews

This linkage ensures that grievance findings actively inform the recalibration of risk priorities and the continuous improvement of sustainability practices across the supply chain. This approach reinforces RGC's commitment to transparency, accountability, and adaptive learning, ensuring that human rights risks are continuously addressed in a proactive and responsive manner.

Forced Labour and Child Labour risks identification, assessment and prioritization

1. Operational Mapping and Internal Risk Identification

RGC Coffee has conducted a thorough mapping of its operational structure and supply chain to identify where potential human rights risks, including forced labour and child labour, could arise.

This process includes an assessment of:

- The geographical origin of green coffee
- The main actors involved in production, transformation, sourcing, transport, and storage
- RGC's operational departments.

Following this, a human rights risk assessment was carried out by the RGC 3E Committee, which collected qualitative data from second- and third-party risk assessments. The goal was to assess the likelihood of human rights risks across the company's activities, resulting as follows:

Degree of impact	Current Risks
High Impact	Forced labour, Human Trafficking, Child labour, worst forms of child labor, Deforestation, Bribery and corruption
Medium Impact	Discrimination, harassment and abuse Job insecurity, Environmental pollution, Underpayment wages

Low/Foundational	Freedom of association, Equal opportunities for promotion, right to data protection, right to clean water and sanitation.
-------------------------	---

Risks were prioritized based on the severity of their potential impact, considering criteria such as vulnerability, magnitude, and irremediability. While no direct negative impacts have been identified within RGC’s internal operations, this assessment remains dynamic and responsive to emerging risks.

2. Supply Chain Risk Mapping and Country-Level Assessment

To strengthen its risk identification process across the upstream supply chain, RGC developed a comprehensive supply chain traceability system, enabling visibility into all direct suppliers. In certain verified sourcing chains, particularly those tied to sustainability certifications and the 3E® by RGC Scheme, the company can trace actors up to Tier 2 (direct exporters) and Tier 3 (Farms).

Considering in 2024 the company sourced coffee from 17 countries, RGC invested a deeper effort to assess risks on 3E Supply Chains in 6 countries: Colombia, Peru, Brazil, Honduras, Nicaragua, and Guatemala. These countries were prioritized based on risk, purchase volumes and opportunities for project collaboration.

To assess systemic risk by country of origin, RGC Coffee employs a multi-source methodology that draws from globally recognized indices and reports. This approach ensures a comprehensive understanding of structural vulnerabilities related to child labor and forced labor in its sourcing regions.

Key references include:

- The U.S. Department of Labor’s List of Goods Produced by Child Labor or Forced Labor¹, which identifies coffee as a high-risk commodity in multiple countries.
- The Global Slavery Index² (Walk Free Foundation), which provides national-level data on modern slavery prevalence, government responses, and industry-specific risks.
- The UNICEF Child Labor Database and ILO Statistics on Decent Work³, which highlight the scale of child labor in rural agricultural settings.
- The World Bank’s Governance Indicators⁴, which offer insights into rule of law, control of corruption, and government effectiveness, all key contextual factors influencing labor standards.

¹ <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

² <https://www.globalslaveryindex.org>

³ <https://data.unicef.org/topic/child-protection/child-labour>

⁴ <https://info.worldbank.org/governance/wgi>

- Brazilian dirty List⁵: Register of employers who have subjected workers to conditions analogous to slavery.
- International Labour Organization (ILO) – Statistics and Reports on Decent Work⁶, which provides benchmarks on child labor, forced labor, and occupational protections

Based on this data triangulation, RGC has classified six of its primary supplier countries, as presenting structural risks related to child and/or forced labor in the coffee sector:

Country	Child Labour Risk	Forced Labour Risk	Primary References
Brazil	☒	☒	USDOL, GSI, ILO
Colombia	☒		USDOL, UNICEF, WB
Honduras	☒	☒	USDOL, GSI
Peru	☒		USDOL, UNICEF
Nicaragua	☒	☒	USDOL, GSI
Guatemala	☒	☒	USDOL, GSI

3. Assessment and Prioritization Using the 3E® Scheme

In 2024, RGC Coffee carried out third-party audits under the 3E® by RGC Sustainability Scheme for 13 suppliers across six countries: Colombia, Peru, Honduras, Brazil, Nicaragua, and Guatemala. Each supplier was assessed using the official 3E® supplier checklist, which includes specific criteria related to human rights, child labour, and forced labour prevention. In parallel, the suppliers' over 18,000 producers were evaluated using the full set of 86 farm-level indicators included in the 3E® sustainability module, ensuring a comprehensive understanding of labour practices on the ground.

The analysis focused on critical risk areas such as the presence of formal policies on minimum working age, freedom of movement, non-retention of personal documents, contract formalization, and implementation of worker protection measures. A risk matrix was developed using a three-tier classification—High, Medium, or Low—based on the strength of documentary evidence, degree of policy implementation, and observations during field evaluations.

⁵ Portaria Interministerial MTE/MDHC/MIR nº 18 de 13/09/2024

⁶ <https://www.ilo.org/global/statistics-and-databases/lang--en/index.htm>

		Colombia	Honduras	Brazil	Peru	Nicaragua	Guatemala
Human Right	Indicator	Total Risk	Total Risk	Total Risk	Total Risk	Total Risk	Total Risk
Child Labour	Children under the age of 15 (or legal school age) attend school	Medium	Medium	Medium	Medium	Medium	Medium
	Children below the age of 18 years are not engaged in work which could jeopardize their health, safety or morals. (Worst forms of Child Labour ILO 182)	Medium	Medium	Medium	Medium	Medium	Medium
	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.	Medium	Medium	Medium	Medium	Medium	Medium
Forced Labour	Workers are free from violence and harassment or abusive treatment, including gender based violence.	Low	Low	Medium	Low	Low	Low
	Workers can leave their work places and/or living quarters provided by the employer	Low	Low	Medium	Low	Low	Low
	Identity or travel documents, salary / money or other assets of workers are not retained by the employer.	Low	Low	Medium	Low	Low	Low
	Workers are not subject to debt bondage (forced to work for an employer in order to pay off their own debts or those they have inherited).	Low	Low	Medium	Low	Low	Low
	Producers and workers are free to form and join independent organizations to protect and enhance their interests (e.g. federations, associations, farmer groups and trade unions and labour organizations for workers).	Low	Low	Medium	Low	Low	Low
		Low	Low	Medium	Low	Low	Low

Findings show that five of the six countries present a high level of structural risk related to child labour and/or forced labour. While progress was observed in some suppliers—particularly in Colombia, Peru, and Honduras—the audits identified recurring gaps in policy development, inconsistent employment practices, and insufficient documentation or monitoring systems. In Brazil and Nicaragua, the audits revealed limited formalization of labour processes and the absence of robust verification mechanisms to ensure compliance with international human rights standards.

These findings highlight the need for ongoing action under the 3E® by RGC framework, including targeted training, technical assistance, mandatory signature of the RGC Code of Ethics, and access to effective grievance mechanisms. They also reinforce the importance of risk-based supplier segmentation and inform priority follow-up actions. Additionally, field-level monitoring and support will be intensified through the Las Manos del Café program, which seeks to dignify agricultural work and address wage and rights gaps across the supply chain.

Remediation Measures

RGC Coffee has established a formal remediation protocol within its 3E® by RGC Sustainability Scheme to address any cases of child labour or forced labour identified during supplier assessments. These violations are considered critical non-conformities, activating an immediate response process.

When such a non-conformity is detected, the affected supplier or group of farms is granted a maximum of 30 calendar days to provide documented evidence of corrective actions. During this period, commercial relations are suspended, and the delivery of coffee from the non-compliant source is blocked until full resolution is confirmed.



In more severe cases, such as confirmed human rights violations, irreversible negative impacts, or unethical business conduct—RGC will enforce a permanent commercial disassociation and exclude the supplier from all future transactions.

This process is overseen by the RGC 3E Committee, with leadership provided by the company's Global Director of Sustainability and Corporate Compliance and the Corporate Compliance Officer, both of whom are trained in human rights due diligence. Together, they are responsible for implementing compliance policies, managing risk analyses, and guiding remedial action at both the corporate and supply chain levels.

Measures to Remediate the Loss of Income

To date, RGC has not identified any cases of child labour or forced labour within its verified supply chains. However, in the event such a case is discovered, RGC will conduct a thorough root cause analysis and assess the vulnerability of the affected individuals or families.

Based on this assessment, a tailored remediation plan will be developed to restore the well-being of those affected and uphold their rights. Where needed, RGC will enlist external experts to assist in designing fair and effective compensation strategies. In parallel, support will be provided to the supplier to strengthen internal systems and prevent recurrence of similar impacts.

Training Provided to Employees on Forced Labour and Child Labour

RGC Coffee has implemented a comprehensive internal training program to build staff capacity in identifying and responding to risks of forced labour and child labour. This program is informed by the company's risk map and is designed to support due diligence implementation across all departments.

Training sessions are led by the Corporate Compliance Officer, under the guidance of the Global Director of Sustainability and Corporate Compliance. The content includes:

- Foundations of human rights in the workplace, with a focus on eliminating child and forced labour
- Identification of risk-prone activities and procedures across operations
- Action steps for responding to potential or actual adverse impacts
- Procedures for managing human rights grievances, tracking resolution, and communicating outcomes

These sessions ensure that all departments are aware of their responsibilities and are equipped to act within the company's compliance framework.



Assessing Effectiveness in Ensuring No Forced Labour or Child Labour

To monitor and continuously improve the effectiveness of its due diligence system, RGC operates a robust monitoring and evaluation framework that gathers and validates information on social and labour performance throughout the supply chain.

Key elements of this system include:

1. An internal procedure for tracking grievances and claims, ensuring that corrective and preventive measures are implemented.
2. The 3E® by RGC validation scheme, which includes second-party and third-party assessments to verify human rights compliance in key sourcing channels.
3. A remediation protocol that allows a 30-day window for resolving critical non-conformities. Failure to comply may lead to commercial sanctions or the denial of 3E® verification.
4. Oversight of external sustainability certifications (e.g., Rainforest Alliance, Fairtrade, 4C), with the Compliance Team responsible for regularly verifying their validity and alignment with labour standards.

Through this system, RGC ensures continual feedback, facilitates improvements in supplier practices, and upholds its commitment to eliminating forced and child labour from its supply chains.

Final Approval and Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full name: Jonathan Gabbay

Title: Managing Director

Date: My 28th, 2025

Signature, accompanied by the statement "I have the authority to bind 'RGC COFFEE INC.'"

J Gabbay