



Collaboration with Lindt & Sprüngli

Methodology for external assessment of the Lindt & Sprüngli Farming Program, Code of Conduct, and No-Deforestation and Agroforestry Action Plan

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Lindt & Sprüngli and Earthworm Foundation relationship

Lindt & Sprüngli is an Earthworm Foundation (EF) member since 2016, sharing [our values](#) of transforming the supply chain to create value for business and society.

How EF works with Lindt & Sprüngli

Becoming an EF member means embarking on a journey: agreeing at the most senior level what your values as a company are, and making a strategic commitment to turn supply chain responsibility into a source of value for both business and society. Membership is always focused on an ambitious commitment and measurable progress that clearly moves the company towards responsible sourcing of raw materials.

Lindt & Sprüngli commits to sharing our values, and to long-lasting change in their supply chains. They engage with EF at the senior level where corporate policy and strategy are set, and at operational levels where supply chain transformation happens day-to-day.

EF supports Lindt & Sprüngli throughout their cocoa supply chains in Dominican Republic, Ecuador, Ghana, Madagascar and Papua New Guinea. These countries represent the origins where the Lindt & Sprüngli Farming Program is being implemented. Additionally, suppliers in these supply chains are subject to the Supplier Code of Conduct and are working to implement the No-Deforestation and Agroforestry Action Plan.

As outlined in the [Theory of Change](#), the [Lindt & Sprüngli Farming Program](#) aims to create a decent and resilient livelihood for today's and future cocoa-growing families and a sustainable intensification of agriculture. At the same time, it should secure the supply of high-quality cocoa beans from a stable base of farmers for Lindt & Sprüngli. The Theory of Change provides a simple description of the relationships that make up the transformation that the Lindt & Sprüngli Farming Program wants to achieve.

The Lindt & Sprüngli [Supplier Code of Conduct](#) sets out the requirements expected of Lindt & Sprüngli suppliers (including their employees, agents, subcontractors, and suppliers) regarding compliance with laws and regulations, corruption and bribery, social and working conditions, child labor, and the outside environment.

The [Lindt & Sprüngli No-Deforestation and Agroforestry Action Plan](#) outlines activities to attain the Lindt & Sprüngli commitment of a deforestation free cocoa supply chain by 2025.

Each year, EF conducts an external verification visit to each supplier in the Farming Program. Through these visits, EF assesses the implementation of the commitments related to the Farming Program, Supplier Code of Conduct, and No-Deforestation and Agroforestry Action Plan, providing the supplier companies with feedback and support for improvements. EF field visits also allow to review the impact of the implemented commitments (for example, through farmer's adoption of trainings).

The external verification done by EF complements the [internal monitoring and performance management verification](#) (i.e. the 4th pillar of the Farming Program) and includes feedback on the functioning of the supplier's internal monitoring system.

About EF's "critical friend" role

Through all its work, EF provides honest feedback about the facts we observe. However, when a company's operations are evaluated by an "outsider", it is often an uncomfortable experience for those being evaluated. Our aim is to be direct and frank in our communication, brainstorm, provide a practical, constructive and solution-driven approach to help companies close gaps between current and required responsible practice.

This approach allows us to understand the issues and acquire the confidence of all stakeholders. If we are transparent from the start, we optimize the chance that others will be transparent as well.

About our vision regarding farmers

EF aims to create value at the smallholder level and believes that farmers are entrepreneurs, with a vision that needs to be supported in order to run their business successfully.

EF believes that innovation at the rural level struggles to emerge in a conventional production system. By empowering the rural entrepreneurs (the farmers) to think and share the innovations they have developed to adapt to change. EF will help free up rural innovation.

Innovation comes from the ground when farmers and their industrial partners sit and work together in a constructive manner in a given environment to overcome the local challenges, each of those being unique to an ecosystem, cultural environment, market and logistical constraints. EF wants to start this journey with Lindt & Sprüngli during these field visits: to agree how we can move forward towards a situation where the farmers in these supply chains are leaders of their own changes.

Why this document?

This document aims to establish a standard procedure for EF's external assessment of the Farming Program, Code of Conduct, and No-Deforestation and Agroforestry Action Plan, in order to consistently compare achievements and progress across countries, suppliers, and years. It also aims to allow for greater transparency regarding the methodology applied during EF's assessment.

This document is to be understood as providing a common framework, but leaving enough room for the adjustments and adaptations according to the local contexts. The maturity of the Lindt & Sprüngli Farming Program in the different origins being implemented by different suppliers is also taken into account when assessing the Farming Program performance.

Objectives of the EF external assessment

EF's external assessment has the following objectives:

1. Assessment of the implementation of the four strategic elements of the [Lindt & Sprüngli Farming Program](#) in each origin;
2. Assessment of the implementation of [Lindt & Sprüngli Supplier Code of Conduct](#)

3. Assessment of the implementation of [Lindt & Sprüngli No Deforestation and Agroforestry Action Plan](#)
4. Provision of recommendations for improvement.

The expected outcome is an external assessment report of the supplier's implementation status or progress related to the Farming Program, Code of Conduct, and No Deforestation and Agroforestry Action Plan. This report will include a review of implementation of past recommendations, findings (strengths and gaps), and a set of new recommendations aimed at improving their performance. Additionally, EF will highlight any findings and recommendations that are relevant to the sustainability performance of suppliers, but which are not necessarily captured by the Farming Program, Code of Conduct, or the No Deforestation and Agroforestry Action Plan.

EF and Lindt & Sprüngli follow a continuous improvement approach. By involving the target groups, we look to enable mutual learning and co-create locally embedded solutions. As such, no pass or fail certification will be handed out, as the assessment is not intended to serve the purpose of an audit.

Assessment process

The external assessment is carried out in four main phases: planning, preparation, field visit, and analysis and reporting. These phases are described in detail below:

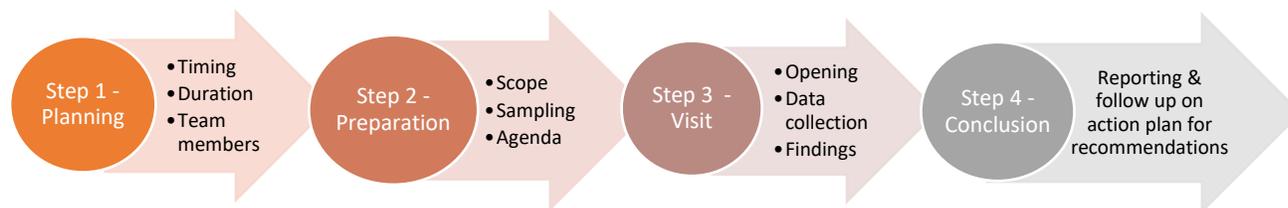


Figure 1: Process flow chart of an EF external assessment

1. Planning the visit

The following aspects are considered during the initial planning of the assessment visit:

Frequency	Minimum once a year
Timing	EF suggests dates for the assessments based on EF visits in previous years, harvesting periods, EF staff presence in the various countries and other internal planning considerations. Lindt & Sprüngli will feedback on this based on contracting periods and key deadlines with their suppliers and supplier's availability.
Duration	The duration of EF's presence in the field will be of a minimum 4 days and maximum of 8 days and will be based on (without order of priority): 1) Years of implementation of the Program by supplier 2) Number of high priority recommendations provided in previous visit 3) Number of farmers and local small suppliers involved in programme 4) Location-specific travel logistics
Team composition	Between 2 and 3 EF staff, selected based on the following criteria: <ul style="list-style-type: none"> • Consistency: At least 1 member has participated in previous visit. • Complementarity: Members complement each other in area of expertise and experience. • Language: Preferred option is to have a team member who speaks the local language or dialect. If this is not possible, EF will discuss options with supplier to find a person who can act as a neutral translator.

2. Preparation for the visit

Prior to the visit, EF will establish the scope, define the sampling criteria, review the latest version of the action plan related to the previous recommendations, and review the internal monitoring

data of the suppliers in order to inform the visit agenda. These aspects are discussed with the supplier during preparatory calls and through email exchange.

EF will also discuss with Lindt & Sprüngli to gather key information, such as rate and calculation of premiums, recorded complaints, and latest development of program.

The preparation for the visit in collaboration with the supplier is key to ensure the optimization of the itinerary and agenda and should be completed prior to the start of the visit.

2.1. Sampling criteria

Assessments include field visits to participating farms, community sites, local warehouses, commercial offices and other sites of interest to the programme. Because the aim of the assessment is to have a good understanding of suppliers performance with respect to the Farming Program, Code of Conduct, and No Deforestation and Agroforestry Action Plan, EF endeavours to visit a representative range of sites and actors by basing their selection on the following sampling criteria.

<p>Target groups</p>	<p>All relevant stakeholder groups are visited and interviewed:</p> <ol style="list-style-type: none"> 1) Farmers and farm workers 2) Farmer groups 3) Middlemen/Purchasing Clerks 4) Technical field staff and supervisors implementing or contributing to the implementation of the Farming Program 5) Supplier’s management team in charge of the Farming Program 6) Suppliers’ senior management 7) Supplier’s internal monitoring staff and performance management team 8) Suppliers’ employees working in the commercial centers 9) External stakeholders such as district or local government, community leaders, NGOs, civil society, etc. <p>The total number of interviews with farmers (individual and in groups) depends on the size of the respective Farming Program. Guided by the overall objective to assess the work on the ground, the below sets out guidance for total number of interviews with farmers to be had during the visit. To ensure engaging and in-depth interviews and exchanges, the % guidance for individual farmer meetings decreases with increasing size of Farming Program, as follows:</p> <ul style="list-style-type: none"> • 1 to 800 farmers: minimum 5% of farmers are interviewed; of which at least 25% should be individual farmer meetings • 801 to 4’000 farmers: a minimum of 2% of farmers are interviewed; of which at least 15% should be individual farmer meetings • 4’001 to 10’000 farmers: a minimum of 1% of farmers are interviewed; of which at least 10% should be individual farmer meetings
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	<ul style="list-style-type: none"> • More than 10'000 farmers: a minimum of 120 farmers are interviewed, of which at least 10% should be individual farmer meetings
<p>Composition of sampling</p>	<p>When selecting which stakeholders to visit, EF endeavours to meet a wide array of actors/sites in the supply chain. EF will review the latest version of the action plan related to the previous recommendations. The results of the internal monitoring exercises and the individual Lindt & Sprüngli country programmes factsheets will also guide sampling selection for the external assessment of the Farming Program. The review of the No Deforestation and Agroforestry Action Plan checklist will also guide selection of stakeholders to visit.</p> <p>In order to gain a holistic view, the following criteria are considered:</p> <ul style="list-style-type: none"> • Length of involvement in the Program • Number of farmers involved • Proximity and access to commercial/ collection centres • Involvement in different aspects of the Program (e.g. Farmer 1 only participates in trainings vs. Farmer 2 participates in trainings, model farms, nursery, organized women's group, etc.) • Relative prosperity and well-being of community • Productivity or supply volume • Proximity to sensitive habitats (e.g. protected forests, water sources, important rivers, etc.) • Current or resolved grievances received <p>EF will create an initial assessment agenda based on the above criteria. EF will then engage the supplier to gather their thoughts on the agenda. Based on relevant feedback form the supplier, EF may choose to refine the selection based on the context (such as feasibility given logistics and balancing with other items on the agenda during the visit). Fine-tuning of the logistics are then completed with support of the suppliers.</p> <p>For example: The supplier indicates most farmers have been in the Program for 2+ years, however they have added several new farmers in the past year. If 30% of the farmers in the Program are new (less than one year in Program) and 70% are older farmers (2+ years in the Program), EF seeks to ensure that visits reflect this balance by selecting 2 new farmers, and 4 older farmers.</p>
<p>Site Selection</p>	<p>The following sites are visited:</p> <ol style="list-style-type: none"> 1) Individual farms 2) Special project sites (e.g. model farms, nurseries, alternative livelihood activities, training centres) 3) Collection centres of middlemen in the supply chain 4) Operational and office space of supplier's commercial centres

	<p>For farm visits, EF endeavours to visit a range of farmers- including varying levels of:</p> <ul style="list-style-type: none"> • experience or skills, • farm size or productivity, • degree of involvement in the programme (time, activity) <p>The jointly developed agenda guides the visit but EF can make changes during the course of the visit to place greater emphasis on certain topics or sites that seem most relevant (see 3.2).</p>
Alternation	The EF assessment team will make sure to target different locations and stakeholders during every visit.

The selected actors and sites are integrated into the agenda to guide the assessment’s activities.

3. Conducting the visit

3. 1 Opening meeting

The opening meeting, which usually lasts around 4 hours, allows for EF to introduce the company and our values, the partnership between EF and Lindt & Sprüngli, and the objective and principles, scope, methodology, and agenda for the visit. Suppliers are invited to share information about their implementation of the Program, and especially the activities and progress since the last visit. The meeting is an important moment to establish or reconfirm the foundation for collaboration. Additionally, it is a good time to ask questions, confirm the agenda, revisit list of documentation, and sort out any remaining logistics. Finally, the opening meeting gives the opportunity to align on the timelines for the reception of the external assessment report, supplier feedback to the external assessment report, submission of final report, and completion of action plan (see timeline on page 13).

3.2 Observation and data collection

In Lindt & Sprüngli and EF’s collaboration agreement, it is stated that “EF wants to share time with farmers, with traders, with Farmer Organizations, to understand how, with whom, in which environment, what they are doing. The objective is to collect and understand the main strengths and challenges faced by the entities and then, propose key areas for the transformation.” Therefore, EF engages in a dialogue with all stakeholders through semi-structured interviews and visits to exchange experiences, thoughts and ideas freely. The EF team takes notes of both statements and observations and supports the documentation by taking pictures.

Stakeholders, sites, and activities are identified in advance of the visit. However, during the course of the visit, EF teams remain flexible and can change or identify additional farmers or groups of farmers to visit and discuss with. For example, upon visiting a Purchasing Clerk, the EF field team

may ask to speak with a specific farmer on the PC's farmer list in case an inconsistency is found in the reported volume.

Special attention is paid to the recommendations from earlier years to validate if and how they have been implemented.

The on-site visits include the following activities:

- 1) Individual interviews with representatives of above mentioned target groups
- 2) Group discussion with farmer groups
- 3) Participatory observation of training activities
- 4) Observation of adoption of good agriculture practice trainings and farm management
- 5) Traceability test from farmers and middlemen through to suppliers' commercial centres
- 6) Traceability test to cross-check that supplying farmers are registered in the Program
- 7) Cross-check of premiums paid to specific farmers by comparing suppliers' records, middlemen's records, and discussion with farmer
- 8) Visit of farmers to cross-check results of internal monitoring
- 9) Review of internal monitoring results and of respective data management

Given the logistical support and relationships that are managed by the suppliers, EF conducts the above activities in collaboration with the supplier. This allows us to jointly observe challenges and co-create solutions during the visit. However, in order to crosscheck and dive deeper into certain topics, EF conducts some of the interviews in absence of the supplier.

3.3. Document Review

The observation and review of key documents that support the Program implementation and adherence to the Code of Conduct is an equally important aspect of the assessment. In this regard, EF looks over the supplier's programme KPIs and the databases used in monitoring.

The following documents are revised prior to or during the visit:

- Reports of earlier external assessments
- Policies and Standard Operating Procedures (SOPs)
- Traceability documentation
- Indicator tracking and monitoring documents (for example: KPIs, internal audits)
- Other Program management documents (HR, HSE, etc.)
- Training manuals and material
- Documents from internal monitoring surveys
- Lindt & Sprüngli Farming Program Factsheet from previous season for each Program
- Quarterly report(Excel) from the last quarter for each Program

In addition, EF observes documents related to the Supplier Code of Conduct, including but not limited to:

- Supplier's policies and internal code of conduct
- Employee handbooks
- Employment contracts on-site (local small suppliers, casual laborers)

- Collective bargaining agreements
- Grievance reporting procedures and logs
- Environmental and workplace certificates
- Worker hours and pay stubs
- Child labour reporting sheets

Finally, related to the assessment of the No-Deforestation and Agroforestry Action Plan, the following document will have to be reviewed:

- No-Deforestation and Agroforestry Action Plan check list completed by the supplier

3.4 Presentation of findings and discussion

During or after the visits, but prior to the final meeting, EF meets with the technical field staff and supervisors and the supplier's management team to discuss observations and brainstorm together about recommendations.

3.5 Closing meeting

At the conclusion of the visit, EF presents its findings and recommendations in a power point presentation at a final meeting with the suppliers' local and senior management team on the final day of the visit. This presentation is hosted in an open and franc manner to encourage exchange, clarification, explanation and a deeper understanding. The discussion allows for both parties to clarify remaining doubts and for the supplier to offer first feedback about the observations and recommendations proposed by EF. It is a good occasion to re-confirm the deadline for the reception and validation of the external assessment reports and action plan.

4. Reporting and recommendations

After the visit, EF prepares a written report in line with a defined template. Along with the report will also be an Excel which captures all recommendations (including the ones from previous years). Based on the report and associated Excel, the supplier prepares an action plan to implement the agreed recommendations which remain outstanding. This action plan clarifies how, by whom and by when the recommendations will be implemented. The action plan will be in the format of an excel file attached to the written report in PDF format. While the excel file will contain all past and present recommendations, the external assessment report will list only the new recommendations plus all outstanding recommendations from previous years. Recommendations in the external assessment report are to be classified as following:

- High – all that are related to the defined minimum requirement in the Farming Program Verification document

- Medium – all other recommendations related to Program requirements not considered as minimum requirements (for example, those found in the Program factsheets)
- Low – all recommendations which go beyond the scope of the Program, Code of Conduct, or No Deforestation and Agroforestry Action Plan

EF will inform Lindt & Sprüngli and change classifications of its recommendation where necessary (e.g. recommendations outside the scope of the Program which are deemed to be critical to success of the Program or persisting medium level recommendations which should be upgraded due to lack of progress).

Timeline:

The presentation of the closing meeting is shared with the supplier 1 week after the visit.

Before the external assessment report and the recommendations are shared with the supplier, EF will have a short meeting with Lindt representatives to present the main findings. This will be organized by EF 2 or 3 weeks after the field visit is concluded. If Lindt representatives are not available for a meeting within this timeframe and are not able to provide any written feedback, EF will proceed with the next steps.

The completed written external assessment report along with the recommendations is shared with the supplier 4 weeks after the visit.

Then, the action plan, prepared by the supplier, is shared with EF 2 weeks after receiving the external assessment report. At this same time, the supplier also shares any comments and feedback on the written report. If the supplier does not submit the Action Plan in time, EF will notify Lindt representatives.

EF then has 2 additional weeks to provide feedback on the Action Plan and to refine the written report based on the supplier’s feedback. In the report, when there is a discrepancy between EF’s observations and the supplier’s stated response, the supplier response is quoted as a footnote in the final external assessment report. If the supplier and EF cannot agree on the Action Plan, Lindt representatives will be consulted, and a decision shall be taken jointly.

1 week later, EF shares the final draft version of the Action Plan and external assessment report with Lindt & Sprüngli.



Six months after the visit, EF will get in contact with the supplier via a call to receive an update about the progress in the implementation of the recommendations through the review of the action plan. This allows for addressing potential challenges or considering new ideas. Just before or after this call, the supplier provides an update to their action plan (update of Action Plan or PPT presentation).

For all implementation of recommendations, it is between Lindt & Sprüngli and the supplier to find a solution to finance recommendations.

The consolidated annual report of all supplier external assessment reports will be sent to Lindt & Sprüngli by end of March of the following year.