

What Lindt & Sprüngli did for Nature & People

2022 Annual Report



- Introduction
- 2022 external verification assessments
- Supporting cocoa farmers in Ecuador to responsibly manage their farms through Holistic Farm Plans

| Introduction

Lindt & Sprüngli developed the *Lindt & Sprüngli Farming Program* as a responsible cocoa sourcing program. Through the Program, Lindt & Sprüngli aims to contribute to creating decent and resilient livelihoods for cocoa farmers and their families and encourage more sustainable farming practices. The Program covers 100% of the cocoa beans sourced by Lindt & Sprüngli.

Since 2015, Earthworm Foundation (EF) has conducted external verification of the implementation of the Farming Program, assessing the suppliers' progress in implementing the program and identifying areas where further improvements are needed.

The verification covers the multiple areas of the Farming Program and provides practical recommendations that are co-designed with Lindt & Sprüngli suppliers and that are implemented over the years to continuously improve the social and environmental impact of the Program.

In addition to the verification work, EF partners with Lindt & Sprüngli on specific projects aimed at accelerating transformation in the supply chain and improving farmers' resilience. In 2022, a pilot project concluded in Ecuador that focused on supporting cocoa farmers in implementing good environmental and social practices on their farms through the Holistic Farm Plan methodology.

This report provides a brief overview of the work conducted in partnership with Lindt & Sprüngli in 2022.



| 2022 verification assessment - Overview



| 2022 external verification assessment – Focus areas and key figures

Scope of EF assessments



4 pillars of the **Farming Program**

- Traceability of beans
- Training of Farmers
- Investments for Farmers and Communities
- Verification of Farming Program

Lindt & Sprüngli **Supplier Code of Conduct**

Core requirements that L&S suppliers need to comply with, including in the upstream supply chain

- Compliance with Laws and Regulations
- Doing Business with Integrity
- Social and Working Conditions
- Protection of the environment



Lindt & Sprüngli **No Deforestation & Agroforestry Action Plan**

Range of activities to attain the Lindt & Sprüngli commitment to a deforestation free cocoa supply chain by 2025, including supporting (community) forest protection and restoration



Ghana is part of the Farming Program since 2008, where 3 suppliers are sourcing from more than **75'000 farmers**.



Ecuador is part of the Farming Program since 2014, where 2 suppliers are sourcing from about **9'000 farmers**.



Madagascar is part of the Farming Program since 2015, where 2 suppliers are sourcing from more than **2'000 farmers**.



Papua New Guinea is part of the Farming Program since 2017, where 1 supplier is sourcing from more than **4'500 farmers**.



Dominican Republic is part of the Farming Program since 2018, where 1 supplier is sourcing from more than **850 farmers**.



Peru is part of the Farming Program since 2021, where 1 supplier is sourcing from about **850 farmers**.



Côte d'Ivoire is part of the Farming Program since 2021, where 1 supplier is sourcing from about **6'000 farmers**. The rest of sourcing under the Farming Program in Côte d'Ivoire is Rainforest Alliance certified.

| 2022 external verification assessment – Some key findings



Suppliers are making progress in meeting the traceability requirements of the Farming Program. Collecting farm polygons, building solid database and developing traceability and control mechanisms are tenuous tasks that require significant resource investments and cannot be achieved in one day. There is no one size fits all approach; the systems need to be adapted to local contexts, particular set up and risks and all suppliers are taking the task seriously.



All assessed suppliers are implementing both group trainings and individual coaching for farmers to improve knowledge and practices. The assessment teams observed quality improvement on the farms that benefitted from individual coaching. The establishment of model farms and demo plots are also means that help spreading good agricultural practices but cannot fully replace individual coaching.



Investments for farmers (e.g. cash and in-kind premiums) and for communities (e.g. community development projects like water systems and boreholes, classrooms, health centers) prove to be useful for improving farmers' livelihood. Most of the suppliers visited have systems in place to assess community needs and priorities before selecting and implementing such projects.



Suppliers' internal monitoring systems have different levels of maturity depending on the length of involvement in the Farming Program. A recurring issue identified is the lack of use or analysis of the internal monitoring data to measure progress and impact.



Holistic Farm Planning & HSCA Application in Lindt & Sprüngli Supply Chain, Ecuador

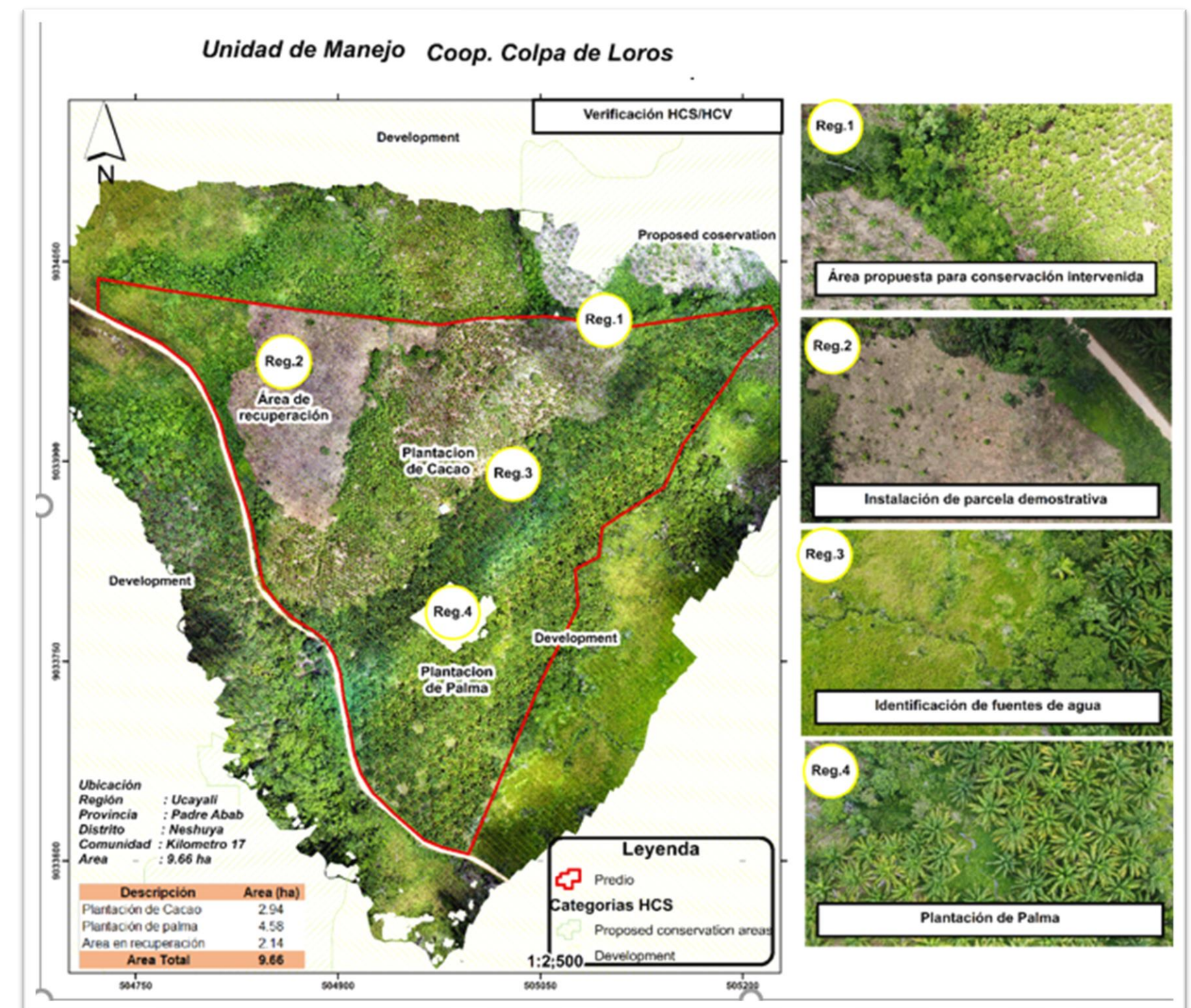
Holistic Farm Plans support sustainable management of farms and livelihoods and application of the High Carbon Stock Approach (HCSA) to the cocoa sector

Project Objectives

- ✓ Empower supplier staff to manage their value chain in more environmentally friendly ways
- ✓ Engage farmers to manage farms and livelihood strategies better

Key activities/deliverables of the project by the end of 2022

- Desktop quality verification of farm information using indicative HCSA criteria and recent satellite images
- Field-based farm diagnosis, identifying with the farmer, HCS/HCV areas, expansion zones, non-cocoa production areas and farm vision
- Develop a Holistic Farm Plan for a sample of 17 farmers
- Capacity building of the two suppliers' field staff to be able to replicate and scale up the activity with more farmers
- Analyze opportunities to elaborate collective strategies (i.e. at the landscape level)



Example of Holistic Farm Plan Map

