Kellogg Group Verification

Ver. July 23, 2019

The group verification methodology was established in order to make a claim on a volume that comes from a group, wherein the growers can be considered homogenous in terms of growing practices and contexts.

By introducing a group verification model, we are shifting away from the need to have farm data from 100% of all HA supplying to Kellogg's. The group verification aims to represent what is happening at a field level, for a whole group. Thus, by taking information from a sample of the members within the group, we are able to paint a picture about the situation of the group overall.

The methodology described below takes a two- step approach. Firstly, the overall risk of a group is defined via a risk assessment. The outcome of this risk assessment dictates the second part of the process – gathering information from the field. This is done via a sampling method, similar to the sampling methods used in recognized industry standards. The size of the sample is dependent on the identified risk level of the group.

1) Defining a Group

A group should be established on the basis of similarities shared between the individuals who make up that group. A group of growers is one who is organized either by a farm group manager or by themselves. A group can be categorized by many different aspects, some examples are outlined on the following page. However, they should each have an organized system in place where the members of the group can communicate with each other, or whereby the farm group manager can communicate with each member. Other groups can form part of a bigger farm management group, for example, a cooperative who sources from other cooperatives as well as individual growers.

The examples listed below explain some traits that could be used to create groups. Some examples of characteristics that could be used to define a group are:

- Geographical area: growers should be cultivating in locations that share similar weather patterns, similar topography (mountainous, plains, etc)
    o If geographical areas are used as a factor for grouping, the group should be sure to include growers operating at different scales (small/medium/large)
- Cultivation Practices: Grower should share similar cultivation practices, such as less/more mechanization on the field, number of workers involved in the operation,
- Size of farm: Growers within a group should all farm at a shared scale (small/medium/large)
- Crop: Growers should be cultivating the same crop.

Growers can also be categorized into groups based on already existing groups that they may form part of, such as cooperatives: Individual growers who sell their products collectively through one or many gathering points. These groups are often already organized themselves, and have the needed systems in place to ensure accurate data gathering.

2) Internal Control System

The Internal Control System should be a foundation to ensure that the growers within the group are consistent with their involvement of the Kellogg Responsible Sourcing Program.

The requirements outlined below will be verified during the verification visit, to guarantee that there is a robust management system in place covering these critical aspects: volumes of crop delivered, growers involved and involvement in the project, coordination/communication within the group.

Requirements:

- The figure of the Farm Group Manager (person responsible for overall responsibility and implementation of ICS; for deployment and data collection through surveys)

- Names and assigned HA for each grower
- An accounting system to keep track of responsibly sourced volumes from the FMG
- A procedure to engage new growers in the Responsibly Sourced Program
- A procedure to monitor growers within the group, between verifications
- A process to develop improvement actions based on the results from the verification

3) Data Collection

The farm group manager is responsible for ensuring that all the appropriate information is gathered from the field in an accurate way. The required documentation from the growers who will be part of the sample are listed below:

- Kellogg Grower Survey
- Self declaration stating that there has been no deforestation in the last 10 years on the lands they are cultivating on
- Self declaration stating that they have the legal right to farm the lands on which they are operating

3A) Grower Involvement:

New data should be collected on an annual basis, and reflective of the volumes purchased from the group. Growers who are surveyed should be rotated and the same grower shouldn't count towards a claim again until the 4th year of verification. However, the Farm Group Manager can choose to survey a higher number than the required sample during the process of data collection, in which case the same growers can be questioned, as long as there is sufficient data without their answers, to fulfill the claim. The repetition of growers should be maxed out annually at 5% of the HA represented by the sample.

3B) Group System Assessment

An assessment has been created to evaluate the visibility that exists of the individual farm level, through the larger farm group. The different levels of visibility that can ensue, will result in different sampling size needed in order to proceed with the verification step. These categories are low/medium/high visibility. A higher visibility level is akin to a stronger relationship between the growers who make up a group, and the Responsibly Sourced program and farm group manager. By having a clearer picture of what is happening at the farm level, there will be a lower risk of gathering insufficient information from each grower group. In the event that growers within a group are too different from each other, or there is not enough visibility into the group dynamics, the sampling size will be higher. The Kellogg Grower Survey will not be filled out by all growers within a group, but rather by a sample of growers who will represent the larger group. Thus, visibility and knowledge of the realities on a farm level will create a more transparent level of assurance that the growers within a group operate as a group, sharing traits, practices and knowledge with each other.

The System assessment is In order to assess the sampling size, the visibility assessment must first be completed by the Farm Group Manager. This assessment will then be validated by the verifier before and during the verification, to ensure that the correct level was assigned.

The system assessment is meant to assess both how complex a group is, encompassing the complexity of the supplier and the control points in place when it comes to in field practices; as well as the level of accuracy associated with collecting information from the grower group, related to the internal control system in place at a group level.

The risk assessment has been split into 3 parts, outlined below:

Section 1: Complexity of the Supply Chain

This section gives the verifier an idea of how complex the supply chain is, and how complex the group itself is. By understanding how many growers are within the group, as well as the varying sizes of the growers within the group, we will have a better overview of the risk associated with ensuring that the growers share in field practices with each other, and that there is visibility to the grower level from the group level.

1. Do you source directly from growers, or from groups/traders?
2. What % of your volume do you source directly from growers vs from groups/traders?
3. How many growers supply to each group/trader?

Section 2: Contracting

This section gives the verifier an idea of how formalized the contracting is between the group and the supplier/Kellogg's, by analyzing the documentation behind the contracting phase. By formalizing the contracting, in terms of documents and grower information for the whole group, there is less risk of unauthorized practices taking place on the fields.

1. Do written contracts exist between the growers/groups/traders and your company?
2. Are maps of the fields gathered/kept?
3. Does a list of growers exist, showing the size of each field and where they are located (GPS coordinates, or address)?

Section 3: Internal Control System

The final section covers all of the requirements as outlined by section 2 of this Group Verification Protocol. The farm group manager could use this as a self verification, to ensure that they are doing everything that needs to be done before the actual verification. The verifier will be able to double check the suppliers/groups answers during the verification.

1. Is there a method in place to keep track of the volumes that are delivered?
2. Does a grower list exist, showing the volumes contracted for each grower?
3. Is there a method in place to communicate with all growers about improvement plans and the Responsibly Sourced Program?

Once the risk level is identified, the number of HA for which data is needed will be calculated, using the table below. The Farm Group Manager will be responsible for ensuring that a complete Kellogg's Grower Survey is filled out by/with the number of growers within the group needed to cover the HA requirements. The HA requirements will be which ever option from the table below yields a higher acreage.

3) Sampling: Square root

This methodology is widely used, especially within the biofuel sustainability sector. This version differs slightly, by using the square root of the HA needed, and not by the square root of the famers involved. Additionally, in other programs that do employ this method, the risk levels are based on mapping of the growing area, and identification of potential deforestation areas. This program mitigates this risk through a signed grower self-declaration, and by asking a question about mapping in the risk assessment. The verifier should be familiar with the general regions of cultivation, and be able to identify if there are any high risk activities widely used in that area.

Risk	Low	Medium	High
Square root Methodology	Square root of needed HA	Square root x 1.5 of needed HA	Square root x 2 of needed HA
Ex: Square root methodology 13,000 HA in the group claim	114 HA	171 HA	228 HA

The square root methodology would require the Farm Group Manager to collect a full Kellogg's Grower Survey with a representative number of growers, covering the required HA. The sampling of the growers will have to be randomly selected by the Farm Group Manager or another individual with knowledge of the grower base.

In the event that there are subgroups within the larger group – i.e. the larger coop who filled out the risk assessment purchases from a trader or from more coops/grower groups, then a stratified sampling method should be employed. This means that at least one grower from each smaller group should be randomly chosen for the data collection. This could result in a higher acreage of in field data being collected than the results of the risk assessment would ask for.

The way that the random sample was chosen should be documented.

Sampling Guide:

-   From the list of all growers, randomly choose as many as needed, until reaching the required HA
-   If there are subgroups or traders within the larger group, create a list of growers per group. Then, randomly select one grower per subgroup/trader.

In the event that a chosen grower cannot participate in the data collection, be it because of issues of coordination or willingness, it should be documented. A new selection should be made for each grower who cannot/will not participate. The verifier will ask to see how the growers were chosen, and details of the original selection and replacement grower where this applies.