



## **INDEPENDENT EXTERNAL MONITORING OF NESTLÉ'S COCOA SUPPLY CHAIN IN IVORY COAST: 2015**

### **EXECUTIVE SUMMARY**

In the framework of its due diligence program and since 2013, the FLA annually conducts monitoring visits in Nestlé's traced cocoa supply chain in Ivory Coast. Independent External Monitoring (IEM) covers a growing portion of the cocoa supply chain served by the Nestlé Cocoa Plan (NCP), which represents 30 percent of its total cocoa supply chain as of mid-2016 as reported by Nestlé.

In 2015, the FLA conducted IEMs in four cooperatives that were never assessed before, and also Independent External Verification (IEV) in two cooperatives that were previously assessed in 2013. The objective of IEV visits is to assess progress of the company Corrective Action Plan (CAP) implementation and see what results it has led to at the field level.

This report summarizes the FLA's findings for its 2015 assessments, the companies' responses to the 2015 findings, and summarizes the progress and remaining gaps in remediation of issues found during previous assessments in 2013 and 2014. The FLA's key findings in its 2015 assessments compared to 2013 and 2014 findings showed progress in areas such as code awareness among farmers, child labor remediation, and health and safety policy and procedures development. The reporting indicates the continued need for improvement in other areas like code and grievance system awareness among workers and producers' family members, lack of first-aid kits in 31 percent of the visited communities or a health center in 81 percent of the communities, lack of access to and use of personal protective equipment (PPE), and issues with non- or partial-payment of producers' certification premium by the cooperatives.

The IEV findings showed progress on code awareness trainings for cooperative staff and farmers, successful child labor remediation, and health and safety policy and procedures development. Other issues like communication of grievance mechanisms in place in the communities, implementation of health and safety procedures, and maintenance of payment records between farmers and workers still required improvement.

### **Methodology and Worker Demographics**

From September 2015 to January 2016, FLA external assessors conducted independent assessments of 303 farms in 16 communities under six cooperatives supplying to Nestlé via the NCP. Two of these cooperatives were previously assessed, and the remaining four were selected through a stratified random sampling taking into account criteria such as location, tier-one suppliers sourcing from the cooperative, certification status, and involvement in Nestlé's Child Labor Remediation and Monitoring System (CLRMS).

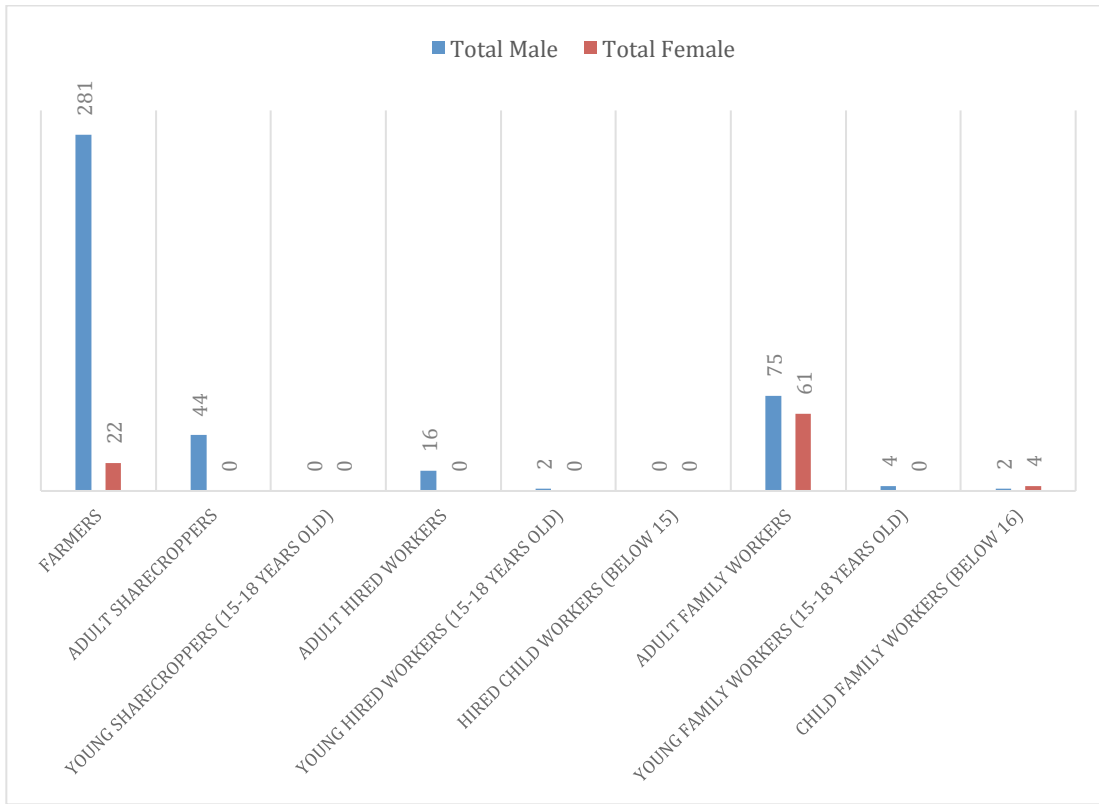
**Table 1. Assessment locations and details**

2015 FLA IEM and IEV visits			
Cooperatives	Region	Communities	Number of farms
Cooperative 1 (IEM)	Soubré	<ul style="list-style-type: none"> <li>• Kouamé 2 ;</li> <li>• Dioulabougou ;</li> <li>• Petit Bondoukou</li> </ul>	60
Cooperative 2 (IEM)		<ul style="list-style-type: none"> <li>• Brouagui;</li> <li>• Anassou;</li> <li>• Béhitanou</li> </ul>	60
Cooperative 3 (IEM)	Affery	<ul style="list-style-type: none"> <li>• M'popkéa ;</li> <li>• Kacou Ayé Abbé,</li> <li>• Aguiékoi</li> </ul>	60
Cooperative 4 (IEM)	Kotobi	<ul style="list-style-type: none"> <li>• N'zanfouenou ;</li> <li>• Kotobi ;</li> <li>• Akpokro</li> </ul>	60
Cooperative 5 (IEV)	Yamoussoukro	<ul style="list-style-type: none"> <li>• Toumbokro</li> <li>• Gbélistou</li> </ul>	33
Cooperative 6 (IEV)	Gagnoa	<ul style="list-style-type: none"> <li>• Kouamékro</li> <li>• Lébré</li> </ul>	30

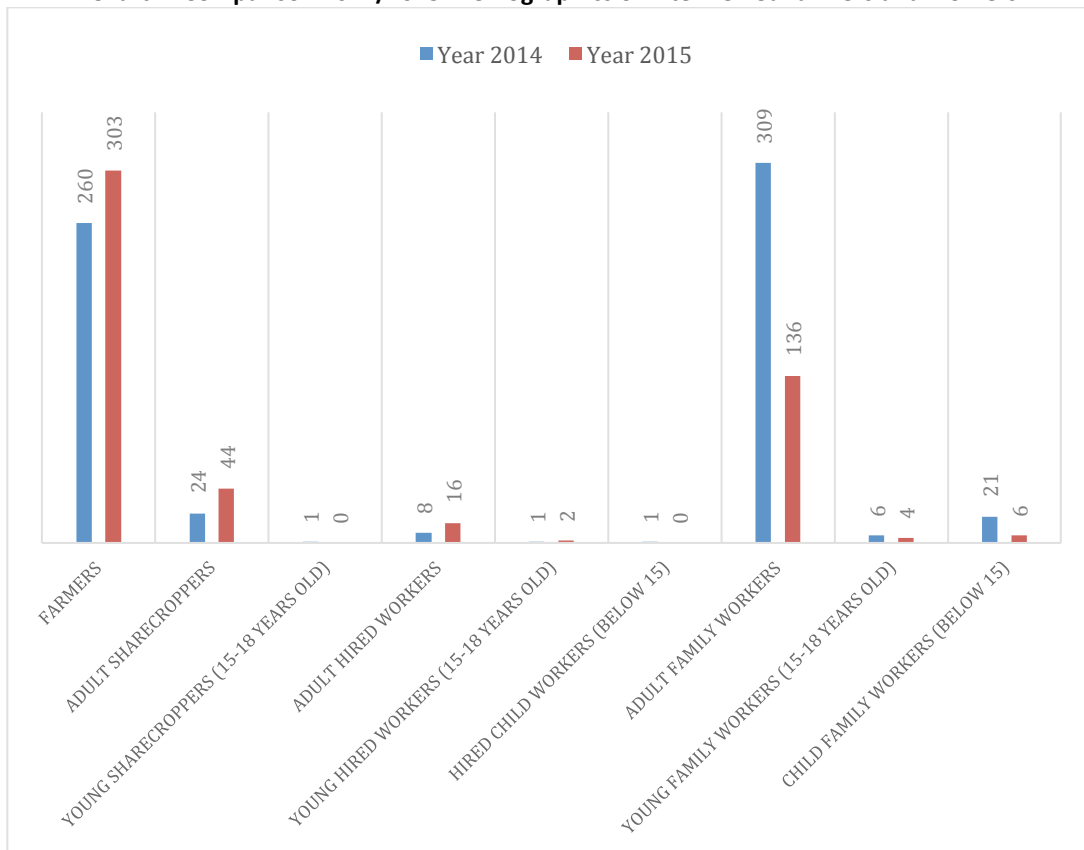
The visits were conducted using FLA's Independent External Monitoring (IEM) methodology, which has four main components: 1) internal monitoring center visits of each cooperative's office, 2) farm visits, 3) community profiling, 4) external stakeholder consultations. The verification visits assessed the progress of Nestlé's remediation of non-compliances found at the cooperative and farm level in previous independent external monitoring visits two years ago. Data were collected by conducting interviews, observing conditions at the farms, and reviewing records, and by following the four-part methodology described above.

Assessors interviewed two Nestlé local staff members, 38 cooperative staff members, 303 farmers (281 men and 22 women who own cocoa plantations), as well as 208 workers of a total 558 workers reported to be working in the farms. Among the interviewed workers' population, there were 18 hired workers, 146 family workers and 44 sharecroppers. On the 303 visited farms, assessors met 6 young workers and six family child workers. No hired child worker was identified in the 2015 assessments.

**Chart 1: 2015 demographic profile of all interviewed farmers and workers by gender, age, and category (Child workers are younger than 15, workers age 15 to 18 are characterized as “young.”)**



**Chart 2: Comparison 2014/2015: Demographics of Interviewed farmers and workers**



In 2014, assessors met 21 child workers representing three percent of the total workforce. In 2015, assessors met six child workers representing one percent of the total workforce. All child workers identified on the visited farms were included in the interview sample. Although the communities visited by assessors in 2014 were different from those visited in 2015, these results show a general trend of improvement in the reporting of child labor cases, along with increased awareness and efforts implemented by the government and private sector.

**2015 Findings**

The table below summarizes the key findings from the FLA’s 2015 IEM and IEV visits and provides highlights of the corrective action plans (CAPs) developed by Nestlé in response to the FLA’s findings. To access the detailed reports, please visit <http://www.fairlabor.org/affiliate/nestle>

SUMMARY OF FLA IEM FINDINGS	SUMMARY OF COMPANIES’ COMMITMENTS (CAPs)
<b>CODE AWARENESS AND GRIEVANCE SYSTEM</b>	
<p>Assessors observed continued efforts made by Nestlé and its partners to inform, educate, and train the largest number of farmers on its Code of Conduct (CoC). Nestlé has developed and made available to its suppliers an illustrated Code of Conduct to inform them of the standards to be followed. It published a toll-free number on the illustrated CoC to enable producers and workers to report any non-compliance they witness in their communities, or any grievance.</p> <p>However, assessors noted that the toll-free line is very difficult to use for people who cannot read. Additionally, 93.75 percent (15 of 16) of the visited communities are not covered by fixed network phone service, which is the only channel from which calls can be made.</p> <p>The code awareness level remains low among workers and family members who do not participate in farmer field school sessions and do not receive information material.</p> <p>Workers are not aware of the grievance procedures that exist at Nestlé and the cooperative levels. Producers (farmers) know about the cooperative level grievance channel but it proved to not be functional in two cooperatives where producers raised grievances for non-voluntary deductions made to their certification premiums, and no follow-up was made.</p>	<p>Nestlé reported it is looking for a nationwide solution to help all farmers and workers voice their concerns through an effective grievance mechanism. This is made difficult by the fact that the mobile network is fragmented and does not cover all remote rural areas.</p> <p>In addition to this, Nestlé will engage the cooperatives to intensify awareness among farmers and their workers on Nestlé CoC requirements and on the grievance procedure, and to add suggestion boxes that will be accessible to all. Nestlé will also pilot a new approach in one cooperative in early 2017 to collect grievances from community members directly from the Community Liaison Person who is working with the CLMRS, and to pass them on to the cooperative, to the tier-one suppliers or to Nestlé directly, as appropriate.</p>

<b>FORCED LABOR</b>	
<p>Assessors did not identify any situation of forced labor in their 2015 assessments. However, in the community of Kacou-Ayé-Abbé (Affery), a producer was found to have retained a sharecropper’s personal identification documents in order to prevent him from leaving after receiving the advance payment.</p>	<p>Nestlé reported that the cooperative staff in charge of the Internal Monitoring System verified the situation in Affery after the FLA assessment and confirmed that the sharecropper had been provided with possession of his personal documents.</p> <p>Nestlé will also continue to actively engage the cooperative management and further raise farmers’ awareness on this issue and the other elements that might constitute forced labor.</p>
<b>CHILD LABOR</b>	
<p>Although child labor awareness is increasingly visible in the visited cocoa-growing communities, assessors identified a total of six child workers younger than 15 during farm visits: five in Soubré and one in Affery. Child workers were found on five of the 303 visited farms. All of them were family workers who were not attending school mainly because of lack of financial means. In addition to these six family child workers, assessors met six young workers – two hired workers on one farm and four family young workers on three different farms. All these children and young workers were involved in various farm activities such as farm clearing, cocoa bean drying, harvesting, and transportation and opening of cocoa pods. Some of these tasks are considered as hazardous since they involve the use of machete and transportation of heavy loads.</p> <p>There is no age verification system implemented by the farmers for the young-looking workers they hire, and most of the family workers do not have birth certificates and identification documents. Of the six children and six young workers met during the assessments, only one child had been able present his identification document to the monitors.</p>	<p>Nestlé reported that the CLMRS has been rolled out to all the cooperatives covered by FLA assessments and by end-2016 will include 79 cooperatives that are part of the NCP. This means that Child Labor Agents and Community Liaison People are actively monitoring the child labor situation on the ground. This includes conducting awareness sessions on child labor for the entire communities, and designing and implementing remediation activities according to the issues and needs identified in each community.</p> <p>In addition to specific actions taken by Nestlé to correct the noted non-compliances in the concerned communities, Nestlé reported it will ensure that additional training sessions will be conducted on the following topics: 1) Minimum age of employment; 2) The effects of hazardous work on children’s bodies; 3) The importance of birth certificates and education for children.</p> <p>Nestlé will encourage the cooperatives to monitor all employment contracts between farmers and farm workers and keep a hard copy of worker’s personal identification documents or proof of age attached to contract, whenever farmers are hiring extra workforce.</p> <p>When missing, establishment of birth certificates is one of the remediation actions that is typically carried out as part of the Child Labor Monitoring and Remediation System that Nestlé is implementing with its partner, the International Cocoa Initiative.</p>
<b>HEALTH, SAFETY, AND ENVIRONMENT</b>	
<p>Despite all the efforts made by Nestlé and its</p>	<p>Regarding use of PPE, Nestlé reported it will engage</p>

<p>partners to train and educate the farmers on health and safety, assessors found a number of health-and-safety-related non-compliances at all visited farms, such as lack of use of Personal Protective Equipment (PPE), lack of access to first-aid kits, lack of access to important health and safety information, and improper chemical container storage and disposal procedures.</p> <p>In some visited communities and camps, farmers and workers source drinking water from wells and swamps. These water points are not covered, and the water collected undergoes no treatment prior to consumption. Community members are neither trained nor educated on the appropriate measures to clean water before consumption.</p>	<p>with the cooperative to continue to raise farmers’ awareness on the use of necessary PPE, such as eyes and nose protection and boots for women. In addition, Nestlé will pilot the distribution of eye protection equipment to farmers of two communities in two cooperatives. This will be done together with farmers’ sensitization on the use and advantages of this kind of protection during farmer field school sessions. The level of use of eye protection by farmers will be evaluated after one year.</p> <p>Nestlé will also engage cooperatives to extend the health and safety policy including procedures and responsibilities to all the communities, and to provide and equip all first-aid kits in communities that have no health center nearby.</p> <p>To prevent bad chemical management, Nestlé will insist on intensifying farmers’ and workers’ awareness-raising on the danger posed by chemicals and the importance of using the services of the “applicators.”</p> <p>Regarding access and awareness of safe drinking water, Nestlé reported it has a project with the International Federation of the Red Cross to refurbish water wells, build sanitation infrastructure, and educate children and adults about the importance of hygiene. Nestlé is also engaging with cooperatives so that they take on that issue in their social projects to be implemented in each community where access to water is an issue, as well as continue to raise farmers’ and workers’ awareness on drinking boiling water.</p>
<p><b>COMPENSATION</b></p>	
<p>In all the visited communities, most of the farmers do not implement any mechanism to maintain proof of wage payment made to contract workers, nor implement a control mechanism (e.g. through witnesses) to oversee wage payment.</p> <p>Moreover, assessors collected grievances related to producers’ certification premium payments in two of the visited cooperatives. One cooperative was deducting an involuntary fee from the producers’ premium, and in the other cooperative, many producers (45 percent of the interviewed sample) did not receive their certification premium for the last two to three years.</p>	<p>Nestlé reported it will continue to follow up with the cooperative on its commitment to raising farmers’ awareness on the importance of payment records. Nestlé will also engage the cooperatives to assist farmers and workers as witness in workers wage payment. Together with the cooperatives, Nestlé will develop a template for record payment and will pilot-test it with a sample of farmers in two cooperatives.</p> <p>To address the certification premium payment issues, Nestlé committed to engage with the cooperatives to: 1) conduct awareness to help producers raise their concerns; 2) respect the contract terms and involve the tier-one supplier to make sure this is well respected; 3) update the producers’ registration list</p>

	based on recent deliveries to the cooperative; 4) put in place a traceability system; 5) provide receipts for certification premium payment.
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### Progress and Remaining Gaps in Nestlé Cocoa Supply Chain

Overall, the key findings in the FLA’s 2015 assessments of cocoa farms in Soubré, Affery, Kotobi, Yamoussoukro, and Gagnoa – compared to 2013 and 2014 findings – were encouraging, especially with regard to child and forced labor. There is an increased awareness of child labor, with prevention and remediation efforts implemented at the national and private level. At the national level, government bodies (CCC<sup>1</sup>, SOSTECI<sup>2</sup>, Comité National de Surveillance [National Committee of Surveillance CNS]) are committed and more active in terms of child labor monitoring and remediation; at the Nestlé supply chain level, there seems to be a positive link between the implementation of the Child Labor Monitoring and Remediation System (CLMRS) and the decrease in reports of child labor. The IEV findings confirm the trend in the two cooperatives that were visited in both 2013 and 2015. One case of child forced labor was identified in 2013 compared with zero in 2015. Also, an abusive practice reported in 2013 in Kouamékro (employers requiring gifts from workers to secure employment) was not observed in 2015.

Some of the issues appearing in Nestlé’s 2013 and 2014 action plans (CAPs) recur in the 2015 findings, such as lack of use of personal protective equipment, lack of access to first-aid, and improper chemical container storage and disposal procedures. Also, farmers do not implement any mechanism to maintain proof of wage payment made to contract workers, and the issue of non-payment of certification premiums remains in some cooperative supplying to Nestlé. Overall code awareness has improved among producers while it remains an issue among workers and family members involved in farm activities.

The below table summarizes the progress noted in the Nestlé cocoa supply chain following corrective action plans in 2013 and 2014, and shows recurring issues and remaining improvement areas identified in 2015.

<sup>1</sup> Conseil du Café Cacao

<sup>2</sup> Système d’Observation et du Suivi des Travail des Enfants en Côte d’Ivoire

Code Elements	Progress identified by the FLA comparing the 2013/2014 and 2015 assessment results	Areas where sustainable improvement is still needed
Code Awareness and Grievance System	<ul style="list-style-type: none"> <li>• Increased Code awareness among farmers</li> <li>• Enhancement of the Code of Conduct with a provision on non-retaliation</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness of the Code of Conduct among workers and farmers' family members involved in production work</li> <li>• Development of a secure and appropriate grievance channel accessible to all farmers and workers</li> <li>• Awareness of the grievance mechanism and the appeal procedure among farmers and workers</li> </ul>
Forced labor	<ul style="list-style-type: none"> <li>• No forced labor case reported</li> </ul>	
Child Labor	<ul style="list-style-type: none"> <li>• Increased child labor awareness in the communities</li> <li>• Lower rate of reported child labor</li> </ul>	<ul style="list-style-type: none"> <li>• Age verification mechanism at the farm level</li> </ul>
Health and Safety	<ul style="list-style-type: none"> <li>• Increased awareness on health and safety policy among farmers and workers</li> <li>• Establishment of first-aid procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of first-aid procedure</li> <li>• Chemical product and empty containers management</li> <li>• Use of PPE</li> <li>• Provision of potable drinking water</li> </ul>
Compensation	<ul style="list-style-type: none"> <li>• Increased awareness on timely payment to producers among cooperatives' managers</li> </ul>	<ul style="list-style-type: none"> <li>• Payment control mechanism between farmers and workers</li> <li>• Farmers' certification premium rate and payment not being respected by some cooperatives</li> </ul>