



[2016]

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING AGRICULTURAL REPORT

**Company:** Nestlé / Balsu

**Country:** Turkey

**Commodity:** Hazelnut

**Production Process:** Harvest

**Assessment Location:** Düzce province, Altunçay

**Monitors:** Müge Tuna and Faruk Yalçın

**Assessment Dates:** 12-13 August 2016

**Number of assessed farms:** 15

**Total area covered:** 415.5 hectares

**Number of farmers interviewed:** 23

**Total number of workers:** 109

**Number of workers interviewed:** 109

**General comment:** For hazelnut sourcing in Turkey, Nestlé works with two strategic suppliers, Balsu being one of them. Both Nestlé and Balsu are affiliated with the FLA and have respective monitoring and remediation programs. In Turkey, both companies closely collaborate to implement monitoring and remediation activities with Balsu having a more direct implementation role at field level.

This assessment was conducted in a portion of Balsu's supply chain that is supplying to Nestlé. Both companies consider remediation action as a collective plan in which Nestlé and Balsu act together according to their capacities and presence on the ground. Therefore, all the actions described below will be implemented by either Nestlé or Balsu with the objective to remedy the identified non-compliances and, ultimately, to improve the situation on the ground over the long-term.

To access the FLA Agriculture Monitoring Benchmarks, please visit [this page](#).

## Employment Relationship

### Compliance Status

Section	Benchmark	Compliance status	Farms
Human Resource Management System	ER.1.1	In compliance	
	ER.2.1 (PR)	In progress	All Farms
	ER.2.1.1(PR)	Not Initiated	All Farms
Recruitment and Hiring	ER.3.1	Noncompliance	All Farms
	ER.3.1.1	Noncompliance	All Farms
	ER.3.1.2	Noncompliance	All Farms
	ER.4	Noncompliance	All Farms
	ER.5.1	Noncompliance	All Farms
	ER.5.2	Noncompliance	All Farms
	ER.5.3	In compliance	
	ER.6 (PR)	In Progress	All Farms
	ER.7.1	In compliance	
	ER.7.2	In compliance	
	ER.7.3	In compliance	
	ER.7.4	In compliance	
	ER.7.5	In compliance	
	ER.7.6	Noncompliance	All Farms
	ER.7.7	In compliance	
ER.7.8	In compliance		
Terms and Conditions	ER.9.1	Noncompliance	All Farms
	ER.9.2	Noncompliance	All Farms
	ER.9.2.1	Noncompliance	All Farms
	ER.9.2.2	Noncompliance	All Farms
	ER.9.2.3	Noncompliance	All Farms
	ER.9.3	In compliance	
	ER.9.3.1	In compliance	
	ER.9.3.2	In compliance	
	ER.9.3.3	In compliance	
	ER.10	In compliance	
	ER.11	Noncompliance	All Farms
	ER.12.1	Noncompliance	All Farms
	ER.12.1.1	Noncompliance	All Farms
	ER.12.2	In compliance	
	ER.13.1	Noncompliance	All Farms
ER.13.2 (PR)	Not Initiated	All Farms	
ER.13.3 (PR)	In progress	All Farms	
Administration	ER.15.1	In compliance	
	ER.15.2	In compliance	
	ER.15.2.1	In compliance	
	ER.16.1	In compliance	
	ER.16.2	In compliance	
	ER.17.2 (PR)	In Progress	
	ER.17.3 (PR)	In compliance	
ER.17.4 (PR)	Not Initiated	All Farms	
Worker Involvement	ER.18.1	In compliance	
	ER.18.2 (PR)	Not Initiated	All Farms
Right to Organize and Bargain	ER.19	In compliance	
Work Rules and Discipline	ER.20.1	Noncompliance	All Farms

	ER.20.2	Noncompliance	All Farms
	ER.20.3 (PR)	Not Initiated	All Farms
	ER.20.4	Noncompliance	All Farms
	ER.20.6	Noncompliance	All Farms
	ER.20.7	Noncompliance	All Farms
	ER.20.8	Noncompliance	All Farms
	ER.20.9 (PR)	Not Initiated	All Farms
	ER.20.11	Noncompliance	All Farms
Access to Training for Family Members	ER.21	Noncompliance	All Farms
HSE Management System	ER.24.1.	In compliance	
	ER.24.2 (PR)	In progress	All Farms
	ER.24.3	In compliance	
	ER.24.4 (PR)	In progress	All Farms
	ER.24.4.1 (PR)	In progress	All Farms
	ER.24.4.2 (PR)	Not Initiated	All Farms
	ER.24.4.3 (PR)	Not Initiated	All Farms
	ER.24.4.4 (PR)	Not Initiated	All Farms
	ER.24.4.5 (PR)	Not Initiated	All Farms
	ER.24.4.6 (PR)	Not Initiated	All Farms
Grievance Procedures	ER.24.5 (PR)	Not Initiated	All Farms
	ER.25.1 (PR)	In progress	
	ER.25.2 (PR)	In progress	
	ER.25.3	In compliance	
	ER.25.4	In compliance	

### Employment Relationship Assessment Summary

Recruitment and Hiring	
<p><b>Benchmarks:</b></p> <p><b>ER.3.1:</b> Employers shall verify proof of age documentation for all young workers in the farm at the time of their employment and work towards collecting and maintaining all documentation necessary to confirm and verify date of birth of all workers, including long term and casual workers.</p> <p><b>ER.3.1.1:</b> Employers shall take reasonable measures to ensure such documentation is complete and accurate.</p> <p><b>ER.3.1.2:</b> In those cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary precautions which can reasonably be expected of them to ensure that all workers are at least the minimum legal working age, including requesting and maintaining medical or religious records of workers, or through other means considered reliable in the local context.</p> <p><b>ER.4:</b> Employers shall not use employment agencies/labor contractors that rely on any practice that is linked to: using false information to recruit workers; restricting workers' freedom of movement; requiring workers to pay recruitment and/or employment fees; withholding from workers a copy of their employment contract in their native language that sets forth the general terms and conditions of engagement and employment; retaining possession or control of workers identification and other documents like passports, identity papers, work permits, and other personal legal documents; punishing workers for terminating employment.</p> <p><b>ER.5.1:</b> No worker hired by an employment agency or a labor contractor shall be compensated below the legal minimum wage. The same rights as provided for directly hired contract workers apply for workers hired via an employment agency or labor intermediary.</p> <p><b>ER.5.2:</b> Fees associated with the employment of workers shall be the sole responsibility of employers. No worker hired via an employment agency or a labor contractor shall pay a fee or get a reduction by applying a fee over his salary.</p> <p><b>ER.7:</b> Employers may hire temporary, casual, daily, seasonal or migrant workers only when:</p> <p><b>ER.7.6:</b> contract, temporary, casual, daily, seasonal or migrant workers receive at least the minimum wage or the prevailing industry wage whichever is higher, and all legally mandated benefits such as social security, other forms of insurance, annual leave and holiday pay;</p>	<p><b>Noncompliance in all farms</b></p>
<p><b>Findings/Noncompliance Explanation:</b></p>	<p>Balsu has distributed a "Producer Handbook" to the farmers as guidance to raise awareness on how to verify age and maintain workers' records and provided training about that topic. However, monitors observed the usage percentage of those handbooks by the farmers is still low. None of the interviewed farmers do age verification and keep the ID copies with them. As required by the legislations in</p>

force, farmers collect the ID copies of the workers and hand them to the village heads (muhtars), who must share the IDs of the migrant workers with the local security forces. The process of collection of IDs of the workers is in place, but it is not used for age verification. Farmers give the IDs to the village headmen, without checking the birth dates of the workers.

Most migrant workers are hired through labor contractors – who are not legally registered – and not directly by farmers. Since the labor contractors know all workers in their home city and find seasonal jobs for them easily, the workers also prefer working with the labor contractors. There are no written contracts between the farmers and labor contractors or between the labor contractors and the workers. This situation results in the situation that the farmers have no legal grounds to control labor contractors or have any sanctions on them to interfere with workplace practices, even though labor rights violations occur in the seasonal work in agriculture, such as labor contractors service fee deductions. Labor contractors make 10% deduction over the income of every migrant worker as employment commission. This creates a non-compliance on the FLA requirement that there will not be any employment fee deductions over the workers’ earnings.

Source: Farmer and worker interviews; Document review

**Company Action Plan:** Balsu has been implementing the FLA program for the first time in this village. In this process, the company has provided trainings on a continuous basis, which covers Balsu Code of Conduct and corporate social responsibility standards. To improve farmers’ knowledge on labor standards and recruitment and hiring practices, Balsu carried out training activities in March and continued until harvest period. The number of trainings and their scope have reached farmers (March’17 & April’17), farmer families May’17 & June’17), Mukhtar & Manav (July’17), and workers (August’17) at all villages of Balatli, Beyoren, Melenagzi, Altuncay, Kocar, Demircama, Yesilkoy, and Melen. With the increased number of trainings and expanded scope, a section on the recruitment conditions was added. This year, Balsu will be piloting a system on labor contractor registration to address the minimum wage problem and cuts made from the payment by contractors. Balsu has reached out to a private employment agency in Duzce and asked them for a financial outcome of hiring workers through their agency as temporary agricultural worker to ensure they are paid according to minimum wage standards and they are registered to the social security scheme.

Balsu has a traceability system in place to track farmers’ information. In 2017, labor data will be included in this system. Every farmer that signed an agreement with Balsu is registered in gobalsufarm.com. With the help of agronomists, social workers will collect labor data in the farms. This way, Balsu can verify their compliance status on the recruitment and hiring and create remediation activities. Based on the data in the traceability system, Balsu can categorize its suppliers and will work on creating responsible sourcing principles for hazelnuts between 2017 to 2020 as a long-term plan.

**Deadline Date:** September 2017

**Terms and Conditions**

**Benchmarks:**  
*ER.9.1: Workers should be made aware of the employment terms under which they are engaged.*  
*ER.9.2: Employment terms shall be those to which the worker has voluntarily agreed, provided those terms do not fall below:*  
*ER.9.2.1: provisions of national laws;*  
*ER.9.2.2: Freely negotiated and valid collective bargaining agreements; or*

**Noncompliance  
in all farms**

**ER.9.2.3:** the FLA Workplace Code.

**ER.11:** Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, casual, daily, home workers, pregnant or disabled workers, are implemented.

**ER.12.1:** Employers shall regularly inform workers about workplace rules, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas or in the surrounding community. In the case of workplaces with informal labor structures, these communication and awareness raising activities could be done with support from supply chain intermediaries such as cooperatives, organizers, tier one suppliers or the participating company.

**ER.12.1.1:** Employers shall inform workers that any form of harassment or abuse in the workplace shall be subject to disciplinary measures.

**ER.13.1:** Farmer, sharecropper or any kind of supervisor who is leading workers shall have knowledge of the local labor laws and the FLA Code.

**Findings/Noncompliance  
Explanation:**

All workers know the terms and conditions, such as tasks, responsibilities, working hour, and daily wages; the farmers inform them verbally. However, their knowledge is limited, and they are not aware of legal rights related to recruitment, wages with no deduction, grievance channels etc.

Balsu has prepared brochures that include workplace rules and labor standards. However, worker interviews showed the brochures have not been distributed to all workers during the trainings. The workers' awareness is low. The trainings have not gone beyond providing basic health and safety and sanitation information. Balsu has placed posters at the entrance of some farms. However, the number of brochures is not sufficient, and they are not disseminated widely. This also contributes to low worker awareness on terms and conditions of employment.

Regarding special categories of workers (e.g., pregnant or young workers), the farmers are not informed of the legal requirements of employing those workers.

Source: Farmer and worker interviews

**Company Action Plan:**

We will communicate verbally at the trainings and distribute brochures to labor contractors, workers, farmers, and manavs. With the USDOL grant, Balsu will hire four social workers who will work in the field with farm owners, Muhktars, and workers. All related stakeholders will have a clear idea about those rights through trainings and brochures. Having four social workers employed within the USDOL project on eliminating child labor and forced labor in the hazelnut supply chain in Turkey will help us to give more efficient and frequent trainings during the harvest period, and there will be Training for Trainers to enhance the training capacity agronomists, program coordinators, and social workers.

Balsu representatives are excited to see the result of the activities taken in Urfa, where labor contractors were trained on the terms and conditions and special categories of workers. In Urfa, teachers were also trained to reach out to hazelnut worker families within the USDOL project.

Nestlé has shared the Responsible Sourcing Checklist with Balsu and has alignment regarding the expectations. (A document explaining the expectations of Nestlé on labor related issues) Responsible Sourcing Unit, working closely with the Procurement, this document has become a part of the global hazelnut contracts. Suppliers report to Nestlé every 2<sup>nd</sup> week of October on the issues of traceability, responsible sourcing, and future risk mapping. Nestlé works together and supports suppliers to develop their capacity and current programs.

Nestlé will prepare a Responsible Sourcing Best Practice Handbook specific to Hazelnuts in Turkey, regarding the national laws and good labor standards in gardens. These actions will be implemented by Balsu and Nestlé. After it's finished, it will be shared with all parties. It was written by Nestle.

<b>Deadline Date:</b>	September 2017
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### Work Rules and Discipline

**Benchmarks:**

*ER.20.1: Employers shall have disciplinary rules and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).*  
*ER.20.2: Any person supervising workers shall be aware of the disciplinary rules and practices.*  
*ER.20.4: The disciplinary system shall be applied in a fair and nondiscriminatory manner and include a management review of the actions by someone senior to the manager who imposed the disciplinary action.*  
*ER.20.6: Disciplinary rules and practices shall be clearly communicated to all workers.*  
*ER.20.7: Workers must be informed when a disciplinary procedure has been initiated against them.*  
*ER.20.8: Workers have the right to participate and be heard in any disciplinary procedure against them.*  
*ER.20.11: The disciplinary system shall include a third-party witness during imposition, and an appeal process. In case of smallholder settings, existing appeal mechanism at community level is acceptable.*

**Noncompliance  
in all farms**

**Findings/Noncompliance  
Explanation:**

There are no disciplinary rules and practices implemented at the farm level. Neither the supervisors nor the workers are aware of any disciplinary system. Since the supervisors are generally family members of the worker groups, no issues that require disciplinary action have been raised or recorded.

Source: Supervisor and worker interviews

**Company Action Plan:**

Balsu will distribute brochures with the hotline number to workers. Farmers will know that Balsu expects workers to use this hotline number for issues they might face in the field or during their time at their village. Farmers know workers are trained and encouraged to call the company grievance channel. Balsu, after ToT trainings, would like to seek help to draft a simple (easy to understand by farmer and worker) disciplinary plan for them to read and accept. With the second part of traceability system, farmers will answer in “yes” or “no” format to the question if they have read and understood disciplinary procedure.

Our new modular training system’s social part will provide efficient trainings to farmers and workers; their understanding on disciplinary procedure is expected to improve. In trainings, disciplinary issues were mentioned; however, in the 2017 harvest, Within USDOL project, Balsu will draft a new disciplinary procedure and incorporate it into trainings. The procedure will be available for farmers, village headman, labor contractors, and workers to read and print out from the Balsu project website (namely, gobalsufarm.com)

<b>Deadline Date:</b>	September 2017
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### Access to Training for Family Members

**Benchmarks:**

*ER.21: Family members (spouses and adult children) involved directly or indirectly in agriculture production shall have access to all training and awareness raising activities conducted for the workers and growers on the farms.*

**Noncompliance  
in all farms**

**Findings/Noncompliance  
Explanation:**

The trainings are being organized for the workers in accommodation areas where the workers live by the agronomists and HSE expert from Balsu. However, only farmers attend them. Family members, such as spouses or adult children, do not attend.

Source: Farmer Interviews

**Company Action Plan:**

Our new modular training system’s social part will provide efficient trainings for women and children. Within the USDOL project, trained social workers will pay visits to families in pilot villages. In addition, this year, the trainings will be given to wives

	and children of the farmers, as well. Balsu is in contact with an NGO to start a project for the development of Women at those villages. Women, who are wives, daughters, sisters, and daughters-in-law to farmers, will be trained under COC. Child labor issues will be discussed with the help of professionals. Project details will be designed by NGO- Balsu is willing to expand the scope of the project, rather than salt providing trainings. This year, more women will be trained under COC and Child labor issue. We believe women have a great impact if a farmer believes 11-12 years old is not a child or if they are to discriminate against gender, ethics etc.
<b>Deadline Date:</b>	September 2017

**Nondiscrimination**

**Compliance Status**

Section	Benchmark	Compliance status	Farms
General Compliance	ND. 1	In compliance	
Recruitment and Employment Practices	ND.2.1	In compliance	
	ND.2.3	In compliance	
Compensation Discrimination	ND. 3	Risk of Noncompliance	All Farms
Discrimination in Training and Communication	ND. 4	In compliance	
Marital or Pregnancy-Related Discrimination	ND.5.1	In compliance	
	ND.5.2	In compliance	
	ND.5.3	In compliance	
	ND.6.1	In compliance	
	ND.6.1.1	In compliance	
Health-Related Discrimination	ND. 7	In compliance	
	ND.8	In compliance	
	ND. 9	In compliance	
Respect of Culture and Religion	ND.11	In compliance	

**Nondiscrimination Assessment Summary**

<b>Compensation Discrimination</b>	
<b>Benchmarks:</b>	
<i>ND.3: There shall be no differences in compensation for workers performing equal work or work of equal value on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group, ethnic origin, employment status (e.g. local workers vs. migrant workers), or membership in unions or other workers' representative bodies.</i>	<b>Risk of Noncompliance in all farms</b>
<b>Findings/Noncompliance Explanation:</b>	The general practice in the region is that migrant and local workers are paid different wages in seasonal jobs, like hazelnut harvesting. Local workers are paid higher wages than migrant workers for doing the same job. It is to be noted that monitors have not observed any local workers at the visited farms. However, according to farmer interviews, farmers believe local workers work better than the migrants, and they deserve more accordingly; also, the local workers are not provided an accommodation, as the migrants, so they are paid higher than them.  <u>Source:</u> Farmer Interviews

<p><b>Company Action Plan:</b></p>	<p>Balsu will contact the Ministry of Labor and Social Security on the minimum wage requirements of seasonal workers. Working conditions, such as working hours, their transportation, rest hours etc., should be declared by one entity inside the ministry and should cover all seasonal agricultural workers at all regions. Monitoring Authority of Seasonal migrant agricultural workers' declarations will be communicated immediately with farm owners and workers, both verbally and in written. We will contact the local commission and inform them on the problem with compensation discrimination in hazelnut harvest. Balsu believes it is important to discuss payments of seasonal agricultural workers at trainings, so we believe farmers will be ready to cooperate once/if Ministries get involved with declaration of minimum wages. Balsu ethic code and corporate social responsibility standards handbook, which includes a section on compensation discrimination and right to minimum wage, will be conveyed to farmers, local and seasonal workers, and labor contractors at the trainings.</p> <p>Nestlé and its suppliers will improve the traceability at the farm level. This will help both parties take quicker action against non-compliances on compensation of the workers.</p> <p>Nestlé Responsible Sourcing Best Practices Handbook will cover the equal remuneration, fair treatment, and no-tolerance to discrimination. The mentioned handbook will be shared with the supply chain actors: manavs/middleman, suppliers, farmers, labor contractors, workers. These actors and officials will be visited, and requirements will be communicated by Nestlé suppliers.</p>
<p><b>Deadline Date:</b></p>	<p>September 2017</p>

## Harassment or Abuse

### Compliance Status

Section	Benchmark	Compliance Status	Farms
General Compliance	H/A.1.1	In compliance	
	H/A.1.2	In compliance	
Discipline	H/A.2	In compliance	
	H/A.3	In compliance	
	H/A.4	In compliance	
	H/A.5	Noncompliance	Farm 2
	H/A.6	In compliance	
	H/A.7	In compliance	
	H/A.13	In compliance	
Violence	H/A.8.1	In compliance	
	H/A.8.2	In compliance	
	H/A.8.3	In compliance	
Sexual Harassment	H/A.9.1	In compliance	
	H/A.9.2	In compliance	
	H/A.9.3	In compliance	
	H/A.9.4	In compliance	
Security Practices	H/A.10	In compliance	
	H/A.10.1	In compliance	
	H/A.10.2	In compliance	

## Harassment or Abuse Assessment Summary

Discipline	
<p><b>Benchmarks:</b>  <i>H/A.5: Employers shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, to maintain discipline, disregarding whether they are family members without a formal contract or hired staff.</i></p>	
<b>Noncompliance in one farm</b>	
<b>Findings/Noncompliance Explanation:</b>	<p>During a visit on one of the assessed farms, monitors observed a farmer exerting a form of verbal violence, including yelling and threatening the children to maintain discipline. It was reported that spouse of the farmer was yelling at the children to work faster, pick the nuts with two hands instead of one etc.</p> <p><u>Source:</u> Worker interviews</p>
<b>Company Action Plan:</b>	<p>Balsu has a motivation to include wives of the farmers in the program as explained above. They believe, when farmers are trained including all family members, it will have a greater impact on behavior change. The women's trainings will include a module on harassment and abuse. Moreover, the trainings given to farmers and workers will include the section on harassment and abuse. At trainings, we will encourage workers to call the support and grievance channel. Farmers are aware of that workers are trained and given information to call Balsu when they need support.</p> <p>Nestlé and its suppliers will improve the traceability on the garden level. This will help both parties to take quicker action against non-compliances. Balsu's traceability program will include a login for workers, so that they can input information about the farmer/garden they have worked for. No harassment or abuse will be covered in the Nestlé Best Practices Handbook.</p>
<b>Deadline Date:</b>	September 2017

## Child Labor

### Compliance Status

Section	Benchmark	Compliance status	Farms
General Compliance	CL.1	Noncompliance	All Farms
Minimum Age	CL.2	Noncompliance	All Farms
Immediate family members	CL.3	In compliance	
Right to education	CL.4.1 (PR)	In progress	
Young Workers	CL.5	Noncompliance	All Farms
	CL.6.1	Noncompliance	All Farms
	CL.6.2	Noncompliance	All Farms
	CL.7	Noncompliance	All Farms
Apprenticeships and Vocational Training	CL.8.1 (PR)	Not Initiated	All Farms
	CL.8.2 (PR)	Not Initiated	All Farms
Children on Premises	CL.9	In compliance	
Removal and Rehabilitation of Child Laborers	CL.10.1	Noncompliance	All Farms
	CL.10.2 (PR)	In progress	

## Child Labor Assessment Summary

### General Compliance / Minimum Age

**Benchmarks:**

**CL.1:** Employers shall comply with all national laws, ratified international conventions, fundamental labor rights, regulations and procedures concerning the prohibition of child labor.

**CL.2:** Employers shall comply with ILO Convention 138 and shall not employ anyone under the age of 15 or under the age for completion of compulsory education, whichever is higher. If a country has a specified minimum age of 14 years due to insufficiently developed economy and educational facilities, employers might follow national legislations but must work to progressively raise the minimum age to 15 years.

**Noncompliance  
in all farms**

**Findings/Noncompliance  
Explanation:**

27 migrant child workers aged between 10 and 15 were observed in the 15 visited farms. 13 of them are boys and 14 are girls. All migrant workers were from South eastern Turkey. They are sharing the same working conditions with adult workers in hazelnut harvest.

Most farmers know child labor is forbidden but do not implement any age verification. As a legal requirement, they get the ID copies of the workers and submit them to the village headmen (muhktars), without checking if young looking workers have reached working age.

Source: Farmer and worker interviews; observation

**Company Action Plan:**

The second part of the traceability scheme will help us improve the farm-level labor data collecting and record keeping process. MOLLS project, İŞKUR, and labor contractors will be partners. Labor contractors have been more visible to Balsu since 2016. Labor contractors were given trainings on Child labor issues and other issues in Urfa. Our plan for the 2017 harvest includes data collection to have a huge positive effect related to identification of child labor at the farm level. Each farmer will have a unique QR Code, including agricultural and social activities taken, methods of harvest, and worker profile. Farmers will be aware of this fact through trainings. Farmers will be delivered "Good Farmer" cards, including a QR code and their reference number. They will be aware that Balsu can identify each child during the harvest. The message will be delivered clearly to farmers and school projects will be communicated both to farmers and workers. Within the USDOL project, trained social workers during pre-harvest and harvest period will help pay visits to farmers and workers, raising awareness on Child Labor issues. Balsu ethic code and corporate social responsibility standards handbook will be communicated with farmers, local and seasonal workers, labor contractors at the trainings.

Balsu will continue running the summer school activities during the harvest of 2017 in collaboration with Young Life Foundation. Three schools will be opened in the harvest regions to keep the children out of the farms and to provide them with psychosocial activities.

In 2017, Balsu has four social workers and each social worker will be responsible for two villages. Muhktar will be the person in charge when/if a social worker identifies a child in the field. The social worker will give information to the family about the summer school project and public education centers. Farmers and labor contractors will be asked to remove children from the field and trained under CoC.

Nestlé and its suppliers will continue to attend advocacy meetings to develop the labor standards in orchards and to increase the garden inspections for the west part of the Black sea region by government officials in Ordu province in summer2016.

Nestlé Responsible Sourcing Checklist requires a written procedure from suppliers in case of identification of a child in gardens or during trainings. The mentioned

checklist covers the labor condition requirements from hazelnut suppliers, including distribution of PPE's, trainings, child-removal procedures, record keeping, and partnership with NGOs. Regarding this issue, Nestlé and Balsu continue collaboration with local authorities to encourage them to implement projects to address labor compliance issues and implement remediation systems. More specifically, Balsu aims to mobilize local institutions, such as public education centers, to be used by the child workers and put a functioning referral system in place.

**Deadline Date:** September 2017

**Young Workers**

**Benchmarks:**  
*C.5: Employers shall abide by all relevant rules and procedures where the law requires government permits or permission from parents as a condition of employment of young workers.*  
*CL.6.1: Employers shall comply with all relevant laws that apply to young workers, (e.g., those between the minimum legal working age and the age of 18) including regulations related to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.*  
*CL.6.2: Employers shall maintain a list of all young workers, their entry dates, proof of age and description of their assignment.*  
*CL.7: No person under the age of 18 shall undertake hazardous work, i.e., work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of persons under the age of 18. Such work includes, but is not limited to, the application of agricultural chemicals, pesticides, and fertilizers, use of farm equipment tools and machinery, lifting or moving of heavy materials or goods, or carrying out hazardous tasks such as underground or underwater or at dangerous heights. Every activity performed by a young worker must be supervised by an adult.*

**Noncompliance in all farms**

**Findings/Noncompliance Explanation:** 52 young workers between the ages of 15 and 18 were observed during the farm visits working weekly overtime - more than 60 hours in a week. They were observed working the same hours and under the same conditions as their adult family members. They work 10,5 hours a day and 7 days a week. Along with picking hazelnut, it is observed that, especially the male young workers, were also engaging in hazardous tasks, such as carrying heavy bags of hazelnut. They were not provided any legally required special conditions for young workers (e.g., hours of work shall not exceed 8 hours a day and 40 hours a week), and the consent letters that should be obtained from the parents were missing. Moreover, there was no list maintained by the farmers to keep their entry dates, proof of ages, and description of their assignment.  
  
Source: Farm observation and worker interviews

**Company Action Plan:** This year, with the improvement of the traceability system, we will see the workers' profile clearly to take actions. We will be able to acquire lists of young workers at farm level and assess their working conditions. Thanks to the interest of local government officials, this year, we will use public education centers more efficiently, especially for young workers, through a referral mechanism. A brochure will be distributed to families to explain the courses that take place at those centers, how they can register etc. Moreover, trainings will include requirements on the working conditions and legal working hours for the young workers.

**Deadline Date:** September 2017

**Removal and Rehabilitation of Child Laborers**

**Benchmarks:**  
*CL.10.1: If a child laborer is found working on a farm, all relevant downstream suppliers, including the participating company, shall immediately assess the situation at the child's household level and shall engage with relevant stakeholders to find a sustainable remediation solution that is in the best interest of the child.*

**Noncompliance in all farms**

**Findings/Noncompliance** Balsu has a project for prevention, removal, and rehabilitation of children in

<b>Explanation:</b>	<p>coordination with the Young Life Foundation (YLF). YLF runs a summer school in the village for the children of the migrant workers and child workers detected in the farms. The aim of the school is to keep children out of the orchards and provide them with physical and psychosocial activities. Another major objective of the school is to remove child workers from the orchards when detected. However, it was observed that there was a lack of communication between the company and the foundation to ensure efficiency of the system. The agronomists provide trainings in accommodation areas where the workers live, and although there were several children observed in those houses, the YLF was not aware of it. More child labor prevention could take place with better coordination.</p> <p><u>Source:</u> Interviews with workers, company and Young Life Foundation staff</p>
<b>Company Action Plan:</b>	<p>This season, with the improvements in traceability system, with a farm-level labor data registration component, Balsu will be able to identify the children working in the farms and take action more effectively. We expect to detect each child labor related issue immediately, especially in pilot villages. Moreover, within the USDOL project, four trained social workers will be active in the field to check the presence of children and report immediately. The message will be delivered clearly to farmers, and the summer school project will be communicated both to farmers and workers. Within the USDOL project, social workers during pre-harvest and harvest period will help pay visits to farmers and workers, raising awareness on Child Labor issues. Balsu carries out a school project that proved its success since 2014. Many workers and children reach out to the NGO to ask whether the project will continue. This season, there will be a double-checking mechanism; the process includes, once detecting the child labor, directing children or young worker to schools or public education centers, and making sure remediation and rehabilitation activities take place and continue. Workers and families will receive brochures and have the information on local opportunities for their children during harvest period.</p>
<b>Deadline Date:</b>	September 2017

## Health, Safety and Environment

### Compliance Status

Section	Benchmark	Compliance status	Farms
General Compliance	HSE.1.	Risk of Noncompliance	All Farms
Documents, Permits and Certificates	HSE.2 (PR)	In progress	All Farms
	HSE.3.1	In compliance	
	HSE.4 (PR)	In progress	All Farms
Evacuation Requirements and Procedure	HSE.5.1 (PR)	Not Initiated	All Farms
	HSE.5.2	Noncompliance	All Farms
Safety Equipment and First Aid	HSE.6.1 (PR)	In progress	
	HSE.6.2 (PR)	Not Initiated	All Farms
	HSE.16.3 (PR)	Not Initiated	All Farms
Personal Protective Equipment	HSE.7 (PR)	In progress	All Farms
	HSE.8	In compliance	
Chemical Management	HSE.9.1	In compliance	
	HSE.9.2	Noncompliance	All Farms
	HSE.9.2.1	Noncompliance	All Farms

	HSE.10	In compliance	
	HSE.11.1	In compliance	
	HSE.11.2 (PR)	In compliance	
Protection Reproductive Health	HSE.12.1	In compliance	
	HSE.12.2 (PR)	Not initiated	
Infrastructure	HSE.13 (PR)	Not Initiated	All Farms
	HSE.17.1	In compliance	
	HSE.17.2 (PR)	Not initiated	
	HSE.19 (PR)	In progress	Farms 1,2,3,4,5,8,9,10,11,12,13,14,15
	HSE.21 (PR)	In progress	All Farms
	HSE.22 (PR)	Not initiated	
Machinery Safety	HSE.14.1	In compliance	
	HSE.14.2	In compliance	
	HSE.14.3	In compliance	
	HSE.14.4	In compliance	
Ergonomics and Medical Facilities	HSE.15.2 (PR)	In progress	All Farms
	HSE.16.2	Risk of Noncompliance	All Farms

### HSE Assessment Summary

General Compliance	
<p><b>Benchmarks:</b></p> <p><i>HSE.1: Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.</i></p>	<p><b>Risk of Noncompliance in all farms</b></p>
<p><b>Findings/Noncompliance Explanation:</b></p>	<p>Balsu and the farmers do not take any measures to mitigate the risks related to means of transport to prevent accidents or injuries. Workers are carried on tractors between their settlements to the fields. Tractors go on very steep roads, and sometimes, workers have to sit on top off full loaded tractors. According to local Occupational Health and Safety law (6331) and the articles 4, 5, 7 and 10, the employers should identify the risks, conducting a detailed risk assessment, and take the required measures, providing the necessary trainings to the workers.</p> <p><u>Source:</u> Interviews with workers and farmers; observation</p>
<p><b>Company Action Plan:</b></p>	<p>Balsu has completed our first year of OHS trainings in Altuncay and sees room for improvement and extension to implement healthier, safer programs for all in the community. Balsu ethic code and corporate social responsibility standards handbook will be communicated with farmers, local and seasonal workers, labor contractors at the trainings. Training materials will be revised and strengthened. In modular trainings, Balsu will emphasize national laws, regulations, and procedures concerning health, safety, and the environment. Balsu believes ministries should involve and declare standards for seasonal agricultural workers, including their transportation, living conditions, wages etc. that have been communicated to Molls. At trainings, farmers will be provided information on HSE issues. This year, with the establishment of the second phase in the traceability system that includes registration of labor data at farm level, a checklist will be used to identify the transportation method to orchards.</p>
<p><b>Deadline Date:</b></p>	<p>September 2017</p>
Evacuation Requirements and Procedure	

<b>Benchmarks:</b> <i>HSE.5.2: Where appropriate, workers shall be trained in evacuation procedures at least once per year.</i>	<b>Noncompliance in all farms</b>
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<b>Findings/Noncompliance Explanation:</b>	The farms are open areas and easy to evacuate in case of fire, but the workers have not been provided training for safe evacuation by Balsu or the farmers. Evacuation training and procedures need to be provided to farmers and workers to be prepared for any natural disaster such as flood, earthquake, or fire.  <u>Source:</u> Interviews with worker
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<b>Company Action Plan:</b>	We will include Evacuation Requirements and Procedures in our training content. Training materials will be supported with visuals, videos, and brochures to increase the effectivity. Balsu ethic code and corporate social responsibility standards handbook will be communicated with farmers, local and seasonal workers, labor contractors at the trainings.
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<b>Deadline Date:</b>	September 2017
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### Chemical Management

<b>Benchmarks:</b> <i>HSE.9.2: All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws. Where relevant, Material Safety Data Sheets (MSDS) must be available as well.</i> <i>HSE.9.2.1: Labels shall be placed in the local language and the language spoken by workers, if different from the local language. Where workers are illiterate, the labels and instructions for their handling should be depicted by pictograms.</i>	<b>Noncompliance in all farms</b>
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<b>Findings/Noncompliance Explanation:</b>	The proper labelling and MSDSs for chemicals are missing at the farm level. The farmers throw out the chemicals after using them.  <u>Source:</u> Farmer interviews
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<b>Company Action Plan:</b>	We will include Chemical Management in our training content. Training materials will be supported with visuals, videos, and brochures to increase the effectivity. We have a specific module for chemical management provided to farmers; the module can be downloaded from the project website. Balsu ethic code and corporate social responsibility standards handbook will be communicated with farmers, local and seasonal workers, labor contractors at the trainings.
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<b>Deadline Date:</b>	September 2017
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### Medical Facilities

<b>Benchmarks:</b> <i>HSE.16.2: Medical facilities shall be established and maintained as required by applicable laws. In case of no local law, the employer shall ensure that the workers are able to utilize local service providers in case of medical emergencies and have the local medical officer's contact address available to the workers. In the case of a medical emergency, e.g., injury or sudden illness, growers will not unreasonably delay allowing a worker to have access to medical treatment.</i>	<b>Risk of Noncompliance in all farms</b>
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<b>Findings/Noncompliance Explanation:</b>	There are village health clinics close to the farms or hospitals at the center of the town (18 km to the village), and they are accessible in a reasonable timeframe, but the workers are not aware of the procedure and do not know what to do in case of emergency.  <u>Source:</u> Interviews with workers.
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<b>Company Action Plan:</b>	This year, with the help of improvement in the registration system, Balsu will have a better picture of working conditions of seasonal workers. To communicate standards
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	of ergonomics and medical facilities, trained social workers within the USDOL project will deliver information at the trainings. Brochures containing relevant information on how to reach will be prepared and distributed. Labor contractors and farmers will be trained on the emergency procedures and what to do in case of an emergency and accident.
<b>Deadline Date:</b>	September 2017

## Hours of Work

### Compliance Status

Section	Benchmark	Compliance status	Farms
General Compliance	HOW.1.1	Noncompliance	All Farms
	HOW.1.2	Noncompliance	All Farms
	HOW.1.3	Noncompliance	All Farms
	HOW.1.4	Noncompliance	All Farms
Rest Day	HOW.2	In compliance	
Meal and Rest Breaks	HOW.3	In compliance	
Protected Workers	HOW.4.1	Noncompliance	All Farms
	HOW.4.2 (PR)	Not Initiated	All Farms
	HOW.4.3	Noncompliance	All Farms
Overtime	HOW.5.1	Noncompliance	All Farms
	HOW.5.2	Noncompliance	All Farms
	HOW.6.1	Noncompliance	All Farms
	HOW.6.2	Noncompliance	All Farms
	HOW.6.3 (PR)	Not Initiated	All Farms
	HOW.7	Noncompliance	
Public Holidays and Leave	HOW.8.1	In compliance	
	HOW.8.2	In compliance	
	HOW.9	In compliance	
	HOW.10.1	In compliance	
	HOW.11 (PR)	In compliance	
	HOW.12.1 (PR)	In compliance	
	HOW.12.2 (PR)	In compliance	
	HOW.13	In compliance	
	HOW.14	In compliance	
	HOW.15 (PR)	In compliance	
HOW.16 (PR)	In compliance		

### Hours of Work Assessment Summary

<b>General Compliance</b>	
<p><b>Benchmarks:</b></p> <p><b>HOW.1.1:</b> Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.</p> <p><b>HOW.1.2:</b> In countries where local law does not set out hours of work specific to the agriculture sector, the participating company shall consult with local stakeholders representing the employers (farmers), workers and civil society to define the hours of work. As a general principle, the total hours of work: (1) shall not exceed the number of work hours freely (individually and/or collectively) agreed</p>	<b>Noncompliance in all farms</b>

upon by workers, including that all overtime work is consensual; (2) shall not adversely affect workers' physical and mental health; (3) shall allow for adequate breaks and rest periods during a working day, as determined by the workers, including at least 24 consecutive hours of rest in every seven-day period; and (4) shall be fully compensated according to legal requirements or worker agreements, whichever is more favorable to workers.

**HOW.1.3:** Other than in exceptional circumstances or during short-term seasonal work as described under HOW.2, the total weekly work hours (regular work hours plus overtime) shall not exceed 60 hours per week or the legal limit, whichever is lower. The upper limit during a working day shall not exceed 12 hours.

**HOW.1.4:** When workers' accommodations and transport is organized by the employer, or when workers are transported from one site to another during a working day, travel time to the field shall be part of working time calculation.

**Findings/Noncompliance Explanation:**

Since the harvesting season is 1 month, the migrant workers have to work as much as they can, so they can earn more money, which means the more farms they work for, the more money they earn. For the 2016 harvest, the local commission declared that the working hours are between 7 am and 7 pm, and workers are entitled to 1 hour of lunch break and 30 minutes of rest breaks. As a consequence, workers work 10,5 hours a day. If they work 6 days, the weekly working hours reach 63 hours. It is usual that workers work 7 days a week to maximize their income. In this case, weekly working hours become 73,5 hours. The local commission only declares daily working hours, but does not specify any weekly maximum working hours or rest-day provision.

The local commission guidelines in terms of working hours exceed FLA and the Company Code of Conduct.

Source: Interviews with workers, farmers and company staff

**Company Action Plan:**

Farmers and workers modular trainings will include declarations from Monitoring authority of seasonal migrant agricultural workers, both verbally and in writing. Farmers will be entitled to input data into the Balsu traceability system on how many hours workers stay in the field.

Balsu has a traceability system in place to track farmers' information. In 2017, we will include labor data in this system, as well. Farmer's practices in terms of hours of work will be registered in this system. With the help of agronomists, social workers will be collecting this data. This way, we will be able to verify their compliance status and create remediation activities. Balsu has been working on creating responsible sourcing principles for hazelnuts since 2013. Based on the data in the traceability system, Balsu will be able to categorize and prioritize its suppliers.

**Deadline Date:**

September 2018

**Protected Workers**

**Benchmarks:**

**HOW.4.1:** The workplace shall comply with all applicable laws governing work hours regulating or limiting the nature, frequency and volume of work performed by pregnant or nursing women or young workers.

**HOW.4.3:** If not provided by law, employers must provide protection to workers who allege violations of laws governing work hours limiting the nature, frequency and volume of work performed by pregnant or nursing women or young workers.

**Noncompliance in all farms**

**Findings/Noncompliance Explanation:**

Monitors have observed 52 young workers between the ages of 15 and 18 during the assessments. It is observed that these young workers work longer than the legally required limits of maximum 8 hours daily and 40 hours weekly. They work under the same conditions with the adult workers in hazelnut harvest. There is no system in place to distinguish the young workers in the field.

Source: Field observation, workers and farmer interviews

**Company Action Plan:**

Balsu has a traceability system in place to track farmers' information. In 2017, the company will include labor data in this system to identify the young workers and

protected workers in the field. With the help of agronomists, social workers will be collecting this data. This way, Balsu will be able to verify their compliance status and create remediation activities. Balsu will be engaged and involved with local commissions continually for decision-making and to set guidelines for the working hours and conditions of young workers. During the harvest, social workers will be given trainings on the legal requirements of employing young workers to the workers, labor intermediaries, and farmers, while monitoring the working conditions of the young workers.

**Deadline Date:** September 2018

**Overtime**

**Benchmarks:**  
**HOW.5.1:** Where national laws, regulations and procedures allow it, employers may calculate regular hours of work as an average over a period of longer than one week, provided all formal and procedural requirements attached to such calculation are met (for instance, obtaining official permission from the relevant authorities or observing limits to the period during which such calculations can be made). However, for overtime calculation, regular hours of work may not exceed 48 hours per week, irrespective of whether national law provides or not a limitation.  
**HOW.5.2:** Payment of overtime rates is unaffected by a calculation that spreads total hours over more than one week.  
**HOW.6.1:** Employers shall not require workers to work more than the overtime hours allowed by the law of the country where the workers are employed.  
**HOW.6.2:** All overtime work shall be voluntary.  
**HOW.7:** Employers shall be able to provide explanation for all periods when the exceptional circumstances exception has been used. Clear communication and consultation will be held with workers and any extended hours of work will be levied upon obtaining (verbal / written) consensus from the workers.

**Noncompliance  
in all farms**

**Findings/Noncompliance Explanation:** FLA benchmarks require that maximum working hours cannot exceed 12 hours daily and 60 hours weekly with overtime. In the case of hazelnut harvest in Duzce, according to local commission declaration, workers need to work 10,5 hours per day. Considering that they work whole week, weekly working hours reach 73.5 hours. Monitors also reported the workers might work more than 10,5 hours a day if the farmer demands it. There is no mechanism to verify that workers consent to working overtime, and it is reported they are not compensated for the overtime they work.  
Source: Farmer and worker interviews

**Company Action Plan:** Balsu has a traceability system in place to track farmers' information. In 2017, we will include labor data in this system, as well. Farmer's practices in terms of overtime will be registered in this system. With the help of agronomists, social workers will be collecting this data. This way, we will be able to verify their compliance status and create remediation activities.

**Deadline Date:**

**Compensation**

**Compliance Status**

Section	Benchmark	Compliance status	Farms
General Compliance	C.1.1	In compliance	
	C.1.2	In compliance	All Farms
	C.1.3	Noncompliance	All Farms
	C.1.4 (PR)	Not Initiated	All Farms

Minimum Wage/Fair Compensation	C.2.1	Noncompliance	All Farms
	C.2.2	In compliance	
	C.2.3	In compliance	
	C.2.4 (PR)	Not to be answered by monitors. The FLA is working on analysis the situation based on real wage data collected during IEMs.	
	C.2.5 (PR)	Not Initiated	All Farms
	C.2.6 (PR)	Not Initiated	All Farms
	C.3	In compliance	
Farmer/Producer Income	C.4 (PR)	In compliance	
Wage Payment and Calculation	C.6	Risk of non-compliance	All Farms
	C.7.1	In compliance	
	C.7.2	Noncompliance	All Farms
	C.7.3 (PR)	Not Initiated	All Farms
	C.7.4 (PR)	Not Initiated	All Farms
	C.7.5	Noncompliance	All Farms
	C.8.1	Noncompliance	All Farms
	C.8.2	In compliance	
	C.8.3	In compliance	
	C.8.4 (PR)	Not Initiated	All Farms
	C.9 (PR)	In compliance	
	C.10.1	In compliance	
	C.10.1.1	In compliance	
	C.10.2	In compliance	
C.10.3	In compliance		
Workers Awareness	C.11.1.1	In compliance	
	C.11.1.2	In compliance	
	C.11.1.3	In compliance	
	C.11.1.4	Noncompliance	All Farms
	C.11.1.5	In compliance	
	C.13 (PR)	Not Initiated	All Farms
Fringe Benefits	C.12.1	In compliance	
	C.12.2 (PR)	Not Initiated	All Farms
	C.12.3	In compliance	
	C.12.4	In compliance	
	C.12.5	In compliance	

### Compensation Assessment Summary

#### General Compliance / Minimum Wage

**Benchmarks:**

**C.1.3:** In countries where local law does not specify compensation specific to the agriculture sector, the participating company shall consult with local stakeholders representing the employers (farmers), workers, local government and commissions, and civil society to define the appropriate wage level. As a general principle, employers shall follow the minimum wage standards set for other sectors in the same region.

**C.2.1:** Employers shall pay workers at least the legal minimum wage, the prevailing industry sector wage, or the wage pursuant to Collective Bargaining Agreements that are in force, whichever is higher, for regular working hours (not including overtime). Hourly or daily compensation shall be calculated based on the basis of the legal minimal wage, the prevailing industry sector wage, or the wage pursuant to Collective Bargaining Agreements that are in force, whichever is higher. Workers should also be informed by the employer about the legal minimum wage applicable to them.

**Noncompliance  
in all farms**

**Findings/Noncompliance  
Explanation:**

Migrant workers do not receive the legal minimum wage after the deduction of the 10% commission from the labor contractors. The Directorate of Agriculture has announced TL 54 as the minimum daily wage for seasonal agricultural workers. Migrant workers are paid TL 54, but the labor contractors deduct a 10% commission from their daily wage. Therefore, these workers are not getting the legal minimum wage.

	Source: Worker and farmer interviews
<b>Company Action Plan:</b>	Balsu will be piloting a system of labor contractor registration to address the minimum wage problem and cuts made from the payment by contractors. This year, the government, after an audit provided from İSKUR, provided authorization to Private Employment Agencies. Balsu is still trying to activate a private employment agency in Duzce, so we can pilot a system where workers would be registered. This year, the Turkish government provides an incentive, so farmers do not have to pay a premium to the government for the agricultural workers they hire. The only amount that would be paid would be the commission for the employment agency. Balsu is trying to pilot a project, where workers will be aware of the advantages of being employed through an employment agency, and farmers would hire them, giving them the confidence to do what is right with the help of government incentive. Balsu believes it is important to employ as many workers as possible through agencies, so the government incentive could be designed accordingly. The registration through employment agency does not address a solution for cut made by labor contractor. However, it would bring benefits, such as pension rights, unemployment benefits, whilst increasing farmers' awareness on the issue. Nestlé's pilot project on labor intermediary registration and payment will provide a solution to the root-cause.

<b>Deadline Date:</b>	September 2017
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**Wage Payment and Calculation**

<b>Benchmarks:</b> <i>C.6: All wages, including payment for overtime, shall be paid within legally defined time limits. Where no time limits are defined by law, compensation shall be paid at least once a month or upon completion of a seasonal task which takes less than a month. When workers are hired through contractors, brokers or external agencies, employers shall make sure that workers are paid according to the benchmark requirements.</i>	<b>Risk of Noncompliance in all farms</b>
<i>C.7.2: FLA-affiliates shall ensure that farmers/producers receive payments and certification premiums through a traceable and reliable payment system. C.7.5: No one can receive wages on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so. C.8.1: Employers shall compensate workers for all hours worked.</i>	<b>Noncompliance in all farms</b>

<b>Findings/Noncompliance Explanation:</b>	<p>Farmers pay the workers' earnings at the end of the completion of the harvest to labor contractors. Labor contractors are responsible for paying each worker's earnings, and workers are paid at the end of harvest season, which usually lasts around one month. Since workers are not directly compensated by the farmers, but by the labor intermediaries, there is no system in place to verify if workers received the exact amount they earned. Although the farmers employ the workers based on the daily 10.5 hours defined by the chamber of agriculture, workers work more than 48 hours a week, and they are not compensated for any overtime payment.</p> <p>Regarding payments made to the farmers, there is no procedure or system in place to trace the payments. There is no contract farming in hazelnut production in Turkey. Farmers sell the hazelnut to crackers and manavs, and these intermediary bodies make the payment to the farmers. Balsu does not have any control over or information on the payment made to farmers.</p> <p>Source: Worker and farmer interviews</p>
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<b>Company Action Plan:</b>	Nestlé's pilot project on labor intermediary registration and payment will provide a solution to the root-cause. With the second part of the traceability system in 2017, we will track labor data. Farmers' and labor contractors' practices in terms of wage payment and calculation will be registered in this system. With the help of
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	agronomists, social workers will be collecting this data. This way, we will be able to verify their compliance status and create remediation activities.
<b>Deadline Date:</b>	September 2017
<b>Workers Awareness</b>	
<p><b>Benchmarks:</b>  <i>C.11.1: Employers shall make every reasonable effort to ensure workers understand their compensation, including:</i>  <i>C.11.1.4: bonuses they are entitled to at the workplace and under applicable laws.</i></p>	
	<b>Noncompliance in all farms</b>
<b>Findings/Noncompliance Explanation:</b>	<p>There is a voluntary social security system for the workers who work in agricultural jobs. This is not the responsibility of the employer but the workers if they want; however, the workers are not aware they can register themselves to social security and pay their own premiums. The workers are not provided training or explanation about this.</p> <p><u>Source:</u> Worker interviews</p>
<b>Company Action Plan:</b>	To increase workers' knowledge on their opportunities in the social security system, we will increase the number of trainings and expand their scope and add a section on the recruitment conditions and social security system.
<b>Deadline Date:</b>	September 2017

## Overview - Farms vs. Non-Compliances

**Total number of Farms: 15**

	Employment Relationship	Non-discrimination	Harassment or Abuse	Forced Labor	Child Labor	Freedom of Association and Collective Bargaining	Health, Safety and Environment	Hours of Work	Compensation	Total
<b>% of farms with non-compliances or risk of non-compliances</b>	100%	100%	7%	0%	100%	0%	100%	100%	100%	
Farm 1	24	1	0	0	7	0	5	11	7	54
Farm 2	24	1	1	0	7	0	5	11	7	55
Farm 3	24	1	0	0	7	0	5	11	7	54
Farm 4	24	1	0	0	7	0	5	11	7	54
Farm 5	24	1	0	0	7	0	5	11	7	54
Farm 6	24	1	0	0	7	0	5	11	7	54
Farm 7	24	1	0	0	7	0	5	11	7	54
Farm 8	24	1	0	0	7	0	5	11	7	54
Farm 9	24	1	0	0	7	0	5	11	7	54
Farm 10	24	1	0	0	7	0	5	11	7	54
Farm 11	24	1	0	0	7	0	5	11	7	54
Farm 12	24	1	0	0	7	0	5	11	7	54
Farm 13	24	1	0	0	7	0	5	11	7	54
Farm 14	24	1	0	0	7	0	5	11	7	54
Farm 15	24	1	0	0	7	0	5	11	7	54
	360	15	1	0	105	0	75	165	105	826