



[2016]

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT

**COMPANY:** Nestlé/Balsu  
**COUNTRY:** Turkey  
**PROVINCE:** Düzce  
**VILLAGES:** Balatli, Melenagzi  
**MONITORS:** Müge Tuna, Faruk Yalçın  
**AUDIT DATE:** 9-10 August 2016  
**PRODUCTS:** Hazelnut  
**NUMBER OF WORKERS:** 147  
**NUMBER OF WORKERS INTERVIEWED:** 147  
**NUMBER OF FARMS VISITED:** 15  
**TOTAL AREA COVERED IN AUDIT:** 735 decares  
**PROCESS:** Harvesting

### IEM reference report:

- Nestle/Balsu Duzce Hazelnut 2014

<http://portal.fairlabor.org/fla/go.asp?u=/pub/zTr5&tm=5&Rid=1561&Fdn=13&Fna=Nestle+Duzce+Balsu+2014%2Epdf>

**Context:** In the Turkey hazelnut context, verification visits are conducted in the same farms or the same villages where previous assessments took place. In this verification visit, 5 of the same farms assessed in 2014 and 10 farms located in previously assessed villages and supplying to Nestlé/Balsu in 2014 were visited. Data was collected by means of interviews, observation, and record review at four levels: (1) the companies' Internal Monitoring System (IMS) level, (2) farmers in the verified farms/villages, (3) workers in the verified farms/villages, and (4) other influential stakeholders at the community level.

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## Code Awareness

### 2014 IEM Findings

To access the 2014 FLA findings and company action plans, please visit [this page](#).

### 2016 Verification Findings

#### Company staff interview and document review:

Balsu has provided trainings for the farmers in eight villages, which are part of their sustainability program. Good agriculture practices and social responsibility trainings have been provided with the support of Young Life Foundation in May to farmers and their spouses at their homes. During those trainings, “Producer Handbooks” have been distributed, which include social rights, working hours record list, PPE distribution record list etc. Balsu has prepared a brochure for farmers, labor contractors, and workers this year, which is more visual and includes the grievance channel hotline number, health and safety elements, basic worker rights etc.

The worker trainings were planned to be conducted during the harvest season in their accommodation areas. Balsu agronomists visit the areas with visual training material and explain health and safety basic rules, such as how to carry bags, PPE usage, water usage etc. Training modules on social issues are provided by YLF during their visits to the workers.

Regarding communication material, Balsu stated the COC was translated into Kurdish and Arabic in 2015; however, they realized the workers have difficulty understanding it because of the differences in dialects and accent. During the IMS evaluation, one FLA monitor who knows Kurdish language, has checked the documents and confirmed it was not clear to understand. Balsu stated they have prepared posters and have placed them at some farms. The content of the posters includes Production Area Hygiene Instruction, Manure Storage Instruction, Pesticide Storage Instruction, Visitor Hygiene and Security Instruction, Protective Dress Instruction, Accident and Emergency Instruction, and First Aid Instruction prepared by NUTEKS (Cracker), YLF, and BALSU.

For the grievance system, Balsu has established a number, which was handled by the company agronomist, and all farmers called that number and asked agricultural issues to the agronomist as a consultant. The channel was neither confidential nor effective. In 2016, Balsu has settled a free grievance hotline available in Turkish, Kurdish, Arabic, and English. According to Balsu staff, they listen to the records every Friday, and the grievances are evaluated according to the procedure. However, no grievances were received so far, since it is new (active by August 5<sup>th</sup>). The hotline number is written in boards placed at some farms. Also, the brochures with a mention of toll-free grievance channel have been prepared and distributed during the trainings to farmers and workers.

#### Results at field level:

At the farm level, monitors observed there is still no measurable improvement in workers’ CoC-awareness, distribution of communication materials, and grievance channel awareness.

According to farmer and labor contractor’s interviews, monitors can confirm most farmers attended the trainings; however, they only remember some health and safety issues, such as PPE usage, sanitation, and child labor. Awareness of issues related to employment contracts, recording working hours and wages, grievance system, and free hotline number remain low.

The outcome of labor contractor trainings shows they are only aware of child labor. They know it is not allowed; however, state there is nothing to do. Once the families come to the field, all members of those families should work, earn money as much as possible. They do not consider 11-12-year-old children as children, but they consider them workers. They are only engaged with village headmen for kids below 5-6 years old to send them to schools handled by the YLF project.

According to the interviews and field observation, monitors understood that not all groups of workers have been provided the training, and there is no mechanism to verify this by Balsu. It was also not very effective, since those trainings have been held hastily the night before the FLA assessment. Worker interviews have also shown the content of the trainings included only lifting techniques, usage of PPEs, and distribution of some soaps and shampoos. Interview with Young Life Foundation showed they have provided no CoC training to workers until the FLA monitoring, and it is not certain they will have time to organize these trainings since the harvest season was coming to an end by the time of the assessment.

Monitors also observed that distributing brochures to the workers and farmers remained low. Most of the interviewed farmers said they have not seen those brochures, which the FLA assessors showed. Even if some farmers had the brochures, they explained they have not explained the content of them to their workers during harvesting. None of the interviewed workers have received the brochures. Some have seen the posters at the entrance of some farms but could not find time to read them. The posters have been placed at village cafes; however, while most farmers know they are there, they do not look at or read them.

Although Balsu has made many efforts for setting a functioning grievance channel this year, the awareness of it remains low. The hotline number is written on boards and brochures; however, since distributing those brochures remains low, neither the farmers nor the workers and labor contractors knew that. During the farm visits, FLA monitors have distributed the brochures to the farmers and workers and explained the aim of that channel and how to use it.

**Overall conclusion of the verification: there is progress but still need sustainable improvements**

**Company follow-up Action Plan:**

We have been working to update our supplier code for an effective communication this year; content of the topics was extended to cover all code elements, and the final version was shared with FLA. Next year, we also aim to extend frequency and participation. Training agenda includes eight villages in Sakarya and Duzce. Farm owners, families, workers, Manav (Middleman), Muhtar (Village Headmen) are subject to training during the months of March 2017 and September 2017. We will update the training material and hire 4 social workers who will reside in these villages and provide day-to-day trainings to workers, farmers, and labor contractors. We expect that increasing company training capacity will produce more effective results in increasing awareness among workers, farmers, and labor contractors.

Balsu has been implementing the FLA programs for 3 years. In this process, we already were providing trainings on continuous basis, which covers Balsu Code of Conduct and corporate social responsibility standards. To improve farmers' knowledge on labor standards, in general, and recruitment and hiring practices, in particular, we will increase the number of the training and expand their scope to cover 8 villages and add a particular section on the recruitment conditions.

We will be piloting a system of labor contractor registration as well 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. We are still trying to activate the 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 need not pay a premium to the government for the agricultural workers they hire. We are trying to pilot a project where workers will know the advantages of being employed through an employment agency, and farmers would hire them, giving them the confidence for doing what is right with the help of the government incentive.

We want our farmers to be fully aware of the child labour issue, and we want to be on the same page with workers. We are discussing with an NGO to start a project for the empowerment of women at those villages. Women who are wife, daughter, sister, daughter-in-law to farmers will be trained under CoC. Child labor issue will be discussed with the help of professionals. Project details will be designed by NGO- Balsu will expand the

project, rather than only providing trainings. This year, more women will be trained under CoC and Child labor issue. Women have a great impact in bringing about social change in the context, where farmers believe 11-12 years old is not a child or if they are to make discrimination against gender, ethics etc.

We are very excited to see effects of Urfa activities, where labor contractors were trained, teachers were trained to reach families etc. Our aim is to prepare farmers and all stakeholder trainings, so they could be on the same page with workers. Balsu have been on the field for trainings since March 2017, and four social workers (two experienced in the field and Kurdish speaking) will be active on the field starting from May 2017 until September 2017.

We will work on developing a more efficient grievance system. Nestlé is planning to share the brochures that FLA will prepare for MoL TR, regarding the good agricultural practices in garden level. This document will also consist of a hotline in case of identification of non-compliances in the gardens. The hotline will be disseminated to workers during trainings and through brochures. Nestlé, in cooperation with USDOL project team, will revise and prepare visual materials, regarding the good labor standards and grievance mechanisms. All materials will be shared with the suppliers.

<b>Deadline Date:</b>	September 2017
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Forced Labor: Employment Terms/Prohibitions
<b>2014 IEM Finding</b>
To access the 2014 FLA findings and company action plans, please visit <a href="#">this page</a> .
<b>2016 Verification Findings</b>
<p>In Turkey, local commissions determine the wages for hazelnut harvesting. They determine the harvesting prices and declare hazelnut harvesting related rules. They also state the rules they declare are advisory and to be a guideline when there is conflict among the workers, labor contractors, and growers. For the payment, in most of the province and district, the rule is stated as follows: <i>“The payment of the workers must be performed after the completion of the work.”</i></p> <p>During the IMS evaluation, Balsu stated they discussed this compensation issue with governorship. However, they have not received a positive answer, and they could not take active role in the decision-making. They also explained this issue to the farmers during the trainings.</p> <p>Worker interviews showed workers prefer to receive their wages at the end of the season as a lump sum, rather than receiving it in daily or weekly installments. They state that receiving the earnings lump sum enables them to save more money and to make better use of the money. For farmers, they call the workers in 2 or 3 times to their farms to pick the nuts and think it is easier to make the payments at the end of the harvesting, considering the total number of days and number of workers.</p>
<b>Overall conclusion of the verification: Issue closed</b>

## Child Labor

### 2014 IEM Findings

To access the 2014 FLA findings and company action plans, please visit [this page](#).

### 2016 Verification Findings

#### Company staff interview and document review:

Balsu has an internal monitoring system at the farm level. They have an internal monitoring checklist, which includes interviews with labor contractors, workers, and farmers, and all questions regarding COC, especially for child labor. Also, there is a noncompliance summary report, and when the agronomists find a noncompliance, they fill the summary report.

In terms of child labor removal and rehabilitation procedure, if agronomists find a child at farms, they immediately inform the Young Life Foundation (YLF) and then YLF visits the farms, talks to families, and picks the children to attend summer school.

Regarding age verification, Balsu has distributed producer handbooks and brochures to the farmers to increase awareness of age verification process, explain how to calculate ages, how to keep records of workers' IDs etc. during the trainings.

Since Balsu's priority is to focus on child labor more than young workers, parental consent letters, reduced working hours, and other special regulations for young workers have not been mentioned during the trainings. An explanation is provided about hazardous work for young workers, such as carrying heavy bags, picking nuts at steep farms etc., during the trainings.

Regarding child labor prevention and rehabilitation, YLF uses two primary schools for the Nutshell Project, namely Beyören Primary School and Menağzı Primary School in 2016. There are 23 volunteers working there. The education of volunteers has been given on August 2<sup>nd</sup>. Then, targeted villages are visited in company of the village headman for identifying where the children are. They also get in touch with intermediaries (Dayıbaşı) for contacting the children. YLF takes advantage of scholarship to convince families and children to attend school. If they attend school and continue to do so in their hometown, they are given 100 Turkish Lira per month.

The children attending Beyören school are collected from nine villages by four shuttles and from eight villages for Menağzı school. The number of children attending summer school changes from day to day; for instance, the day of the visit, the number was 88 children for Beyören school and 70 for Menağzı school because of the rainy weather. However, the average is 75 and 50, respectively. Children were between the ages of 5 and 15. Schools are open on weekdays from 07:00 am to 16:00 pm and go on until noon on weekends. Lunch is provided at the schools. Both schools had volunteers who can speak Kurdish and Arabic, and both schools have Syrian refugee children. They plan to conduct a survey about demographic picture of seasonal workers, but it has not started yet at the time of meeting.

#### Results at field level:

Despite all above-mentioned actions, field level assessment revealed gaps:

Balsu child labor prevention and removal system is ineffective. Based on worker interviews, monitors understood the agronomists provided workers' trainings the night before FLA farm visits and covered only health and safety elements, such as carrying bags, PPE usage, and distribution of shampoos and PPEs. Although FLA monitors found children in every 9-worker group (17 child workers in total), the agronomists did not inform YLF on the presence of those children. There is a lack of communication between Balsu and YLF to prevent child labor on the hazelnut farms.

Following the declaration of Directorate of Agriculture, all farmers must collect ID copies of workers and



submit them to the village headmen. Farmers follow the process, but none check the dates of birth of the workers. They implement no age verification since the labor contractors tell them, if they will not employ children, then they cannot find workers for harvesting, because the families come with their children.

68 young workers (between 15 and 18 years old) were observed during the farm visits working weekly overtime - over 60 hours in a week. They were observed working the same hours and under the same conditions as their adult family members. They were not provided any special conditions as legally required for young workers (e.g., hours of work will not exceed 8 hours a day and 40 hours a week) and the consent letters that should be obtained from the parents were missing. There was no list maintained by the farmers to keep their entry dates, proof of ages, and description of their assignment.

It is to be noted that child worker cases (children below 15 years old) are comparable to the 2014 findings in the same villages (11.15 % of child workers were found in 2014 and 11.56 % in 2016).

**Overall conclusion of the verification: still need sustainable improvements**

**Company follow-up Action Plan:**

Balsu will set up Village Headman Communication Centers (referred to as Muhtarlik letisim Merkezi – MIM) in two villages, one in Beyoren and another in Balatli village. Through MIM, eventually, farmers will improve their knowledge and standards for recruitment and hiring processes. Muhtar is a strong partner since they are bound to collect ID copies from seasonal agricultural workers once they arrive in the village. Through these centers and making use of the ID collecting mechanism, we aim at implementing an age-verification process to identify all the child laborers and young workers when they arrive to the village. Social workers will trace these children and young workers to see if they are working in the farms. If children are detected at the orchards, social workers will inform the Young Life Foundation to implement child removal and rehabilitation procedure.

At the trainings, Muhktar will know it is important for them to check how many children are at the village, how many women etc. Four social workers of Balsu will may confirm and receive the demographic profile of the seasonal agricultural workers at each village.

Balsu is determined to improve its traceability system. Our plan for 2017 harvest includes farm-level worker demographic data registration to facilitate identification of child labor at farm level since, as a company, Balsu and Muhktar will detect workers' profile quickly, so they can take actions planned within USDOL, school projects, trainings, directing children to centers run by municipalities and ministries at the region etc. Four social workers will help us to double check the process for any actions that could be taken to prevent social incompliances in the field.

This year, we will use public education centers more efficiently, especially for young workers. A brochure will be distributed to families to explain the course takes place at those centers- how they can register etc.

This season, with the improvements in farm-level age verification system and establishment of MIM, we expect to detect every child labor related issue immediately. Our aim is to reach minimum 20 percent of all growers at 8 villages and track their data and relate in terms of harvest type. Once they hired seasonal agricultural workers, all information such as demographic, working and living conditions etc. will be collected at farm level.

Within the USDOL project, trained social workers will be active in the field to check and report child labor cases immediately. This season, there will be a verification process. 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 the harvest period. As explained above, one social worker will handle two villages, and Muhktar and labor contractor will be an important partner to communicate and double check the situation.

We will continue to collaborate with Young Life Foundation in the 2017 harvest season. Balsu will run schools in Akcakoca and Kocaali, where farmers' and workers' children from 8 villages can attend. We are also very excited to see the effect of labor contractor's trainings and teacher trainings to reach families in Urfa. Last year,



the mindset of labor contractors, families, farmers was an issue; we have done everything we can to reach out them and make sure they have started questioning the problem of child labor. Our efforts will be harder on the field with experienced agronomists of our company, strong partnership with farmers, and additional four social workers being in the field to make sure everything will be done prior to and during harvest. Our aim is to make sure we can identify problems to bring long-terms solution with broader participation and awareness within the community.

**Deadline Date:**

August 2017

## Harassment or Abuse

### 2014 IEM Findings

To access the 2014 FLA findings and company action plans, please visit [this page](#).

### 2016 Verification Findings

#### Company staff interview and document review:

Regarding disciplinary procedure at farm level, supervisors are mostly family members of workers, and once any issue emerges among the workers, they can easily solve the problem without involving the farmers. Balsu has prepared no disciplinary procedure nor raised this issue during the awareness trainings as stated in the 2014 plan of action.

For the grievance system, Balsu settled a free grievance hotline in August 2016, which is available in Turkish, Kurdish, Arabic, and English. According to the company statement, every Friday, the records are listened and the grievances are evaluated according to the procedure. Since the hotline is active by August 5<sup>th</sup>, 2016, they have received no complaint through the grievance channel. The hotline number is written on boards placed at some farms. Also, brochures, which includes the hotline number, are distributed during the trainings.

#### Results at field level:

Although Balsu has tried to improve the grievance channel this year, the awareness of it remains low. Distribution of the brochures and notice boards is low, and neither the farmers nor the workers know of it. During the farm visits, FLA monitors have distributed the brochures to the farmers and workers and explained the aim of that channel and how to use it.

**Overall conclusion of the verification: there is some progress with the grievance system but still need sustainable improvements**

### Company follow-up Action Plan:

Balsu will distribute brochures with the hotline number to workers. Farmers will know we expect workers to use this hotline number for issues they might face in the field or during their time at their village through trainings. Farmers know that workers are trained and encouraged to call 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 the disciplinary procedure.

Our new modular training system’s social part will provide efficient trainings to farmers and workers; their understanding of disciplinary procedure is expected to improve. In trainings, disciplinary issues will be mentioned. During 2017 harvest, within the USDOL project, Balsu will draft a disciplinary procedure and

incorporate it into trainings. The procedure will be available for farmers, village headman etc. to read, print out from Balsu project website (namely, gobalsufarm.com).

**Deadline Date:**

August 2017

## Non-Discrimination

### 2014 IEM Findings

To access the 2014 FLA findings and company action plans, please visit [this page](#).

### 2016 Verification Findings

According to the company statement, Governorship, Young Life Foundation, farmers are the main stakeholders of the company. Child labor and training permissions are consulted with those stakeholders. And security is the main issue for the workers between the stakeholders. Working hours and compensation were raised during the engagements.

The Chamber of Agriculture, including the village headmen, defines the wages with other commission members, and only minimum wage is defined. Monitors reported Balsu has not arranged meetings with local stakeholders to address the wage discrimination problem, as stated in the 2014 plan. Similarly, the communication of equal wage for equal work principle to influential members of local commission has not taken place during the remediation period.

Monitors also observed, during the worker and farmer interviews, the wage differences between the locals and migrants were not mentioned during the trainings. The perception of the farmers is still the same; nothing has been changed. They still think the locals work better and faster than the migrants, and so they deserve more. Also, without providing accommodation areas for the locals, they can earn more.

**Overall conclusion of the verification: still need sustainable improvements**

### Company follow-up Action Plan:

Balsu delivered the idea that Ministries should involve and declare the standards and minimum wages of seasonal agricultural workers instead of local commissions. In the near future, we believe it should be a sole entity responsible for the rights of seasonal agricultural workers rights, rather than local commissions that are hard to communicate, and they announce different wages for the same work, with an effect in compensation discrimination. It is a big opportunity to help workers to be hired through employment agencies. Farmers will use government incentive and not pay the government premium from their pocket. This practical experience in payment will also help to change farmer mindset in paying lower daily wages to seasonal agricultural worker compared to the local workers.

Within MOLLs project, we will set up collaboration with İŞKUR and local commissions on employment terms and conditions for farm workers and compensation discrimination.

Through trainings on Balsu's code of conduct, Balsu will make sure we increased farmers and workers knowledge and awareness on discrimination.

Balsu Grievance channel will be communicated verbally at the trainings and in writing.

**Deadline Date:**

August 2017

## Health and Safety

### 2014 IEM Findings

To access the 2014 FLA findings and company action plans, please visit [this page](#).

### 2016 Verification Findings

Balsu's health and safety specialist conducted a risk analysis, and the results are communicated to farmers during trainings. According to Balsu staff interviews, farmers are motivated to mitigate the risks related to means of transport to prevent accidents or injuries. However, during the assessment, monitors observed that farmers still carry the workers (sometimes 15 or more) with one tractor that does not meet health and safety standards. Tractors go on very steep roads, and sometimes, workers must sit on top of fully loaded tractors with nuts.

Balsu documented PPE distribution to the farms and explains the importance of using them during the season. Balsu staff also explains to farmers they should not keep the first aid kits at their own houses instead of the farms. During the assessment, monitors observed that half the farmers keep them at the farms; the rest of them keep them at their houses. Regarding calling the grievance hotline for reporting any missing item (PPE or first aid kit), neither the farmers nor the workers know this procedure. It was not communicated to them during trainings.

Regarding PPE, Balsu distributes items, such as gloves, hats, t-shirts, and shampoo, during the farmer and worker trainings. However, very few workers use them. The general perception assessed by monitors is these PPEs are free gifts but not mandatory for their jobs.

Regarding living quarters, the health and safety specialist conducted a risk analysis this year and prepared survey questions to inquire about electricity, access to refrigerator, hot water etc. in the accommodation areas. The results have not been shared, and there is no remediation plan implemented for the time being. During the farmer trainings, Balsu insists on providing adequate living quarters to the workers.

**Overall conclusion of the verification: there is progress but still need sustainable improvements**

### Company follow-up Action Plan:

Balsu will distribute brochures on health and safety information, first aid kits, PPEs for workers and the farmers in 8 villages. There will be an assigned person for first aid and provide training for that.

In 2016 harvest, Nestlé sent 30.000 PPEs, including drinkable water, for workers to both suppliers. Nestlé Responsible Sourcing Manager has monitored the suppliers' teams in the field level and received reports and KPIs regarding all field activities.

After Nestlé/ Balsu got in touch with workers on their needs, and with the help of USDOL project's research on workers, Nestlé is planning to develop PPEs based on the needs assessment, with a focus on gender-based needs.

Workers will be provided with the information on village health clinics and hospitals at the center near the farms, and they will be aware of the procedure and know what to do in case of emergency after our tailored trainings.

It will be our third year of H&S trainings and second year of OHS trainings in USDOL project villages. We see much room for improvement and extension to implement healthier, safer programs for all in the community. Balsu's code of conduct will be communicated to farmers, local and seasonal workers, labor contractors at the trainings, both verbally and in writing. Training material will be revised and strengthened. In modular trainings,

we will emphasize national laws, regulations, and procedures concerning health, safety, and the environment.

We will include Evacuation Requirements and Procedures in one of our training content. Training material will be supported with visuals, videos, and brochures to increase efficiency. Balsu ethic code and corporate social responsibility standards handbook will be communicated to farmers, local and seasonal workers, labor contractors at the trainings.

We will include Chemical Management in one of our training content. Training material will be supported with visuals, videos, and brochures to increase efficiency.

This year, we are implementing a project, hopefully, with the help of USDOL project. We have already communicated the project with Mukhtars, and two living quarters for seasonal agricultural workers have been identified. We will identify four living quarters at Balatli, Beyoren, Goktepe, Melenagzi. The places will be prioritized and chosen for renovation according to the highest numbers of workers staying there. The first steps in identification the needs of renovation will be according to hygiene, electricity, according to basic OSH standards, sanitation, water (hot water). The local service providers will be subcontracted to renovate the places. It is important for local stakeholder to see the areas that need improvement for the seasonal agricultural workers they hire to work at their gardens.

**Deadline Date:**

August 2017

## Hours of Work

### 2014 IEM Findings

To access the 2014 FLA findings and company action plans, please visit [this page](#).

### 2016 Verification Findings

According to Balsu staff, they communicated long working hours and lack of rest day to governorships as described in the 2014 plan. However, they have not received a satisfactory reply for improvement. Local commission defines guidelines on daily working hours with no change as compared to last year, i.e., 10.5 hours per day, which farmers follow. As per Balsu staff interviews, the responses they got about the rest day issue is nobody could pay for a rest day where workers did not work. There is no guarantee those workers will not work and have a rest. Since they want to work as much as possible during harvesting time, even if they are paid for a rest day, they might go to another farm and work to earn more during their rest days.

It is to be noted that labor contractors and workers know this issue and complain that the daily working hours are too long. One year ago, the labor contractors came together and went to chamber of agriculture to discuss the long working hours, but they could not get an answer. The issue remains unresolved.

**Overall conclusion of the verification: still need sustainable improvements**

### Company follow-up Action Plan:

This year, we are planning to discuss this issue also at women trainings and farmer trainings to raise awareness. This year, with the establishment of the second part of the traceability system, we can identify and see formally how many hours workers have been worked and whether they have taken any days off. As it is the case mainly, we will discuss with them by showing them their own records.

Balsu will get in touch with the MoLSS that minimum wage of seasonal workers with 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. Balsu aims to convey the standards on working hours and the problem of long working hours to the local commission, which defines the working hours and

daily wage.

**Deadline Date:**

August 2017

## Wages, Benefits and Overtime Compensation

### 2014 IEM Findings

To access the 2014 FLA findings and company action plans, please visit [this page](#).

### 2016 Verification Findings

The local commission defines guidelines on working hours and wages for agriculture seasonal workers. Wage is calculated based on the gross minimum wage divided by 30 days. For 2016, the daily wage was set as 54 TRY by the local commission. Guidelines also state wages should be paid directly to the workers. The labor contractors should be registered to Employment Agency and should be paid separately by the farmers.

As seen, there is not any gap in the commission guidelines except that working hours are too long and should be compensated at overtime rate. Balsu stated they spoke about these issues with governorships and ministry. However, FLA monitors interviewed the director of chamber of agriculture, who confirmed Balsu had not consulted or discussed the issues with him so far.

#### Results at field level:

Similar to the 2014 findings, farmers pay the set minimum wage for workers to the labor contractors, who deduce a 10% fee. After the labor contractors' deduction, workers receive around 48,6 TL, which is below the daily equivalence of minimum wage. There is no mechanism to track the exact money workers receive after the labor intermediary fee deduction. 48,6 TL is an estimate that workers must be receiving.

The farmers only make the payments at the end of the season after agreement with labor contractors and supervisors at the farm level. No records are kept to document if each worker has received his payment.

Regarding communication and awareness-raising, information notes are posted at village cafes and the workers can read those papers if they pass by the cafes. However, none of the interviewed farmers and workers received the brochures and have not been explained the content regarding compensation.

**Overall conclusion of the verification: still need sustainable improvements**

#### **Company follow-up Action Plan:**

İŞKUR, local commissions, MIM will be strong partners at USDOL villages. Farmers' and workers' modular trainings will include minimum daily wage declarations from monitoring authority of seasonal migrant agricultural workers about compensation of workers. We are determined to improve our traceability system to record working days and hours. Balsu ethic code and corporate social responsibility standards handbook will be communicated with farmers, local and seasonal workers, labor contractors at the trainings. Nestlé's pilot project on labor intermediary registration and payment will solve the root-cause by addressing cuts from workers earnings. With the second part of the traceability system, in 2017, we will track labor data. Farmer's and labor contractor's practices in wage payment and calculation will be registered in this system. With the help of agronomists, social workers will collect this data. This way, we can 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 can categorize & prioritize its suppliers. We will engage and involve with local commissions continually for decision-making.

Within the USDOL project, trained social workers will give training on payment to workers.

We will be piloting a system of labor contractor registration, as well, 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. We are still trying to activate Employment Agency in Duzce, so we can pilot a system where workers will be formally registered. This year, Turkish government provides an incentive, so farmers need not pay a premium to government for the agricultural workers they hire. The only amount paid would be the commission for the employment agency. We are trying to pilot a project where workers will know the advantages of being employed through an employment agency, and farmers would hire them, giving them the confidence for doing what is right with the help of government incentive. Registered workers could also receive unemployment benefits if they are registered long enough when they start travelling months before hazelnut harvest. With this proposed system, hiring workers through agencies, we know cuts will continue since labor contractors will bring the identification copies of the workers to employment agency and register them, so farmers will complete the hiring process. It will bring benefits to workers and open a new window to obtain right to pension as they deserve.

**Deadline Date:**

August 2017

### Miscellaneous

#### 2014 IEM Finding

To access the 2014 FLA findings and company action plans, please visit [this page](#).

#### 2016 Verification Findings

As per the monitors' evaluation, the workers are not aware they can register to social security and pay their premiums by themselves. The workers are not provided a training or explanation about this. There is a misconception among the workers they will lose their green card, once registered to social security; however, when they stop to pay premiums, they will automatically have their cards again.

**Overall conclusion of the verification: still need sustainable improvements**

#### Company follow-up Action Plan:

With the help of the USDOL project and after ToT trainings, we will develop a training module on the social security system and registration options for workers.

As farmers would receive 100 percent incentive from government when hiring a seasonal agricultural worker, we will train farmers on the social security system with the new incentives explained.

Within the USDOL project, trained social workers will give training on payment to workers.

**Deadline Date:**

August 2017