



## **INDEPENDENT EXTERNAL MONITORING OLAM COCOA SUPPLY CHAIN IN CÔTE D'IVOIRE: 2018-19**

### **Introduction**

The Fair Labor Association's (FLA) Principles of Fair Labor and Responsible Sourcing<sup>1</sup> require that the supply chains of each affiliated company and supplier are subject to FLA's annual Independent External Assessment (IEA). Olam is affiliated with the FLA since 2013. Currently, Olam's cocoa and hazelnuts supply chains are under FLA's scope. As an affiliated member, the company has committed to meet the FLA principles in its cocoa supply chain in Côte d'Ivoire.

The FLA conducted assessments in four cooperatives including three first time Independent External Monitoring (IEM) visits in three cooperatives that the FLA has not previously assessed, and one Independent External Verification (IEV) in a cooperative that the FLA evaluated in 2016. Each of these cooperatives is part of Olam's traceable cocoa supply chain in Côte d'Ivoire. The cooperatives assessed by the FLA are located in cocoa-producing areas that reflect the geographical spread of the Olam supply chain (Table 1).

The peak season for cocoa activities lasts between October of each year to January of the following year. For the 2018 annual IEA cycle, the FLA visited the communities and the farms during the transitional period between the end of the harvest period and the establishment of new plots from February 2019 to May 2019. Some cocoa producers were undertaking their last harvest; others were clearing new plots or were waiting for the rains. The timing of the assessment allowed the observation of farmers and workers involved in activities different from those typically seen during the harvest.

This document summarizes the data collected, the findings, and the company's response and provides insights on progress and areas for improvement in Olam's cocoa supply chain. The assessments found noncompliance on six FLA Workplace Code of Conduct<sup>2</sup> areas in the visited farms:

- Employment Relationship
- Non-Discrimination
- Forced Labor
- Child Labor
- Health, Safety, and Environment
- Compensation

### **Methodology**

A team of seven FLA accredited independent external assessors<sup>3</sup> (assessors) conducted monitoring of 180 cocoa farms in nine communities associated with three cooperatives for the IEMs and 60 farms in three communities associated with one cooperative for the IEV. The team visited a total of 240 farms. In addition to the farm visits, the FLA assessors interviewed 24 staff members of the cooperatives that managed the

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<sup>1</sup>[http://www.fairlabor.org/sites/default/files/agriculture\\_principles\\_of\\_fair\\_labor\\_and\\_responsible\\_sourcing\\_october\\_2015\\_0.pdf](http://www.fairlabor.org/sites/default/files/agriculture_principles_of_fair_labor_and_responsible_sourcing_october_2015_0.pdf)

<sup>2</sup>[https://www.fairlabor.org/sites/default/files/fla\\_agriculture\\_code\\_of\\_conduct\\_and\\_benchmarks\\_october\\_2015.pdf](https://www.fairlabor.org/sites/default/files/fla_agriculture_code_of_conduct_and_benchmarks_october_2015.pdf)

<sup>3</sup><https://www.fairlabor.org/transparency/fla-accredited-monitoring-organizations>

cooperative level monitoring system and 85 workers working on the cocoa farms. Assessors recorded a total of 220 workers working on the farms, of which 85 (39 percent) were interviewed.

**Table 1. Assessment locations and details**

Cooperative <sup>4</sup>	Region	Communities	Number of farms (240)
Cooperative 1_IEM	Haut Sassandra (Vavoua)	<ul style="list-style-type: none"> <li>• PK 8</li> <li>• Daïzra</li> <li>• Dema</li> </ul>	60
Cooperative 2_IEM	Tonkpi (Man)	<ul style="list-style-type: none"> <li>• Bogouine</li> <li>• Douele</li> <li>• Yapleu</li> </ul>	60
Cooperative 3_IEM	Guemon (Duekoue)	<ul style="list-style-type: none"> <li>• Petit-Guiglo</li> <li>• Tao-Zeo</li> <li>• Fengolo</li> </ul>	60
Cooperative 4_IEV	Indenié (Niablé) Djuablin	<ul style="list-style-type: none"> <li>• Abronamoué</li> <li>• Zouhounou</li> <li>• Niablé</li> </ul>	60

FLA's monitoring methodology follows a four-step approach:

- Desk-based research;
- Consultation with stakeholders in the visited localities and community profiling;
- Assessment of suppliers' internal monitoring system (IMS);
- Farms visits with observation, documentation review, and interviews with farmers and workers

An IEM or IEV visit to a supplier (cooperative) begins with an introductory meeting and finishes with a closing meeting.

Assessors collect data through several tools including (a) Farm Assessment Instrument (FAI), (b) Community Profiling and Stakeholder Consultation Guide, and (c) Internal Monitoring System Evaluation Template. Data are triangulated and reported in the FLA's Agriculture Audit Tool.

## Findings

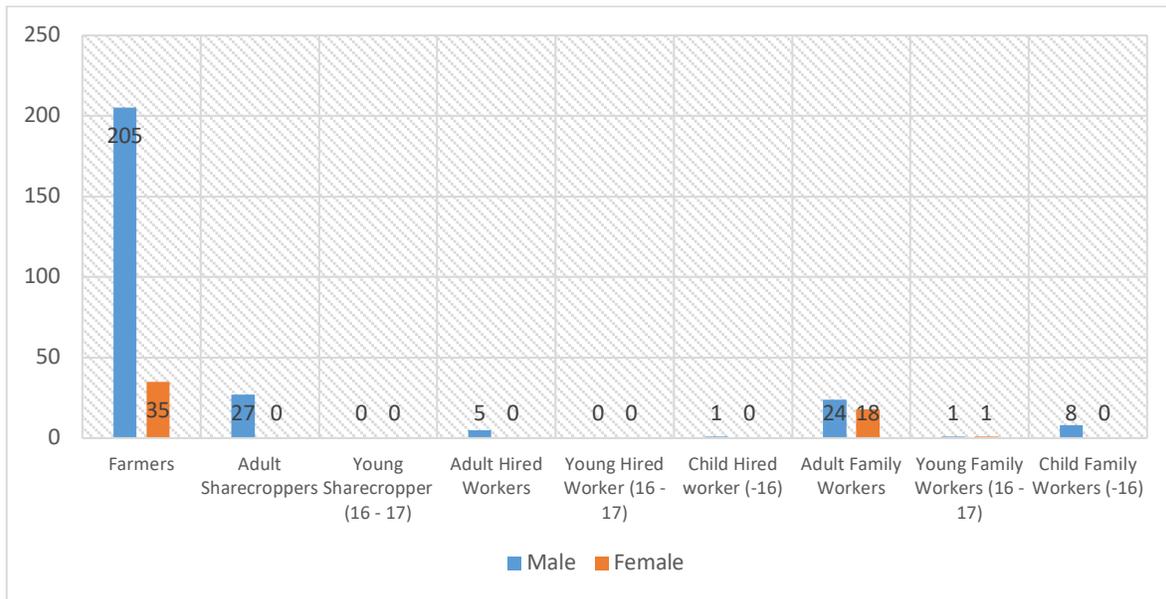
Of the 240 farmers interviewed, 205 were men, and 35 were women who owned cocoa farms and are members of the four assessed cooperatives that supply to Olam. On the farms, the assessors recorded a total of 220 workers, of which 85 were interviewed.

Among the workers' interviewed, assessors recorded one hired child worker, eight family child workers, and two young family workers. "Child labor" is anyone younger than 16 years and found working on the farms - in line with the local minimum age requirement. Workers aged 16-17 years and found working at farms are recorded as "young workers." Anyone who is 18 and above is adult workers.

In the 240 farms, there were 27 sharecroppers. The sharecroppers do not own farms and are resident workers who work on the farms (sometimes with their families), and after harvest, split the total production with the farmers. None of the sharecroppers in the visited farms was under 18 years.

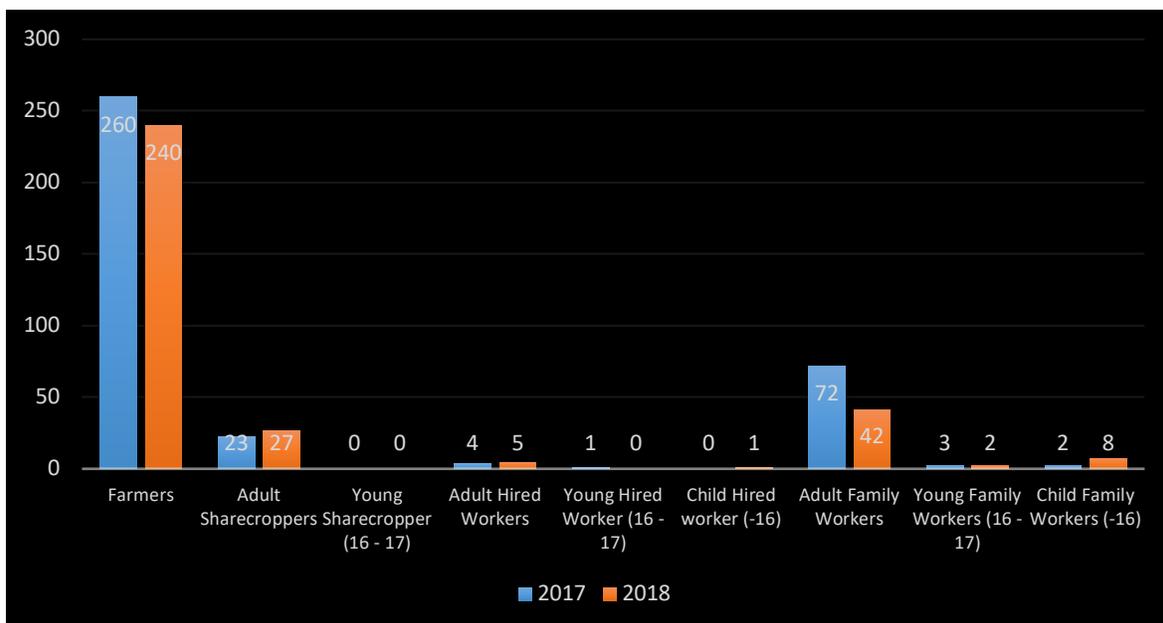
<sup>4</sup> The name of the cooperative is kept confidential.

Chart 1: Demographic profile of interviewed farmers and workers: Gender, age, and categories of workers in the four cooperatives – 2018



Monitors identified that seven percent of the cocoa producers had noncompliances regarding health and safety in the 2018-19 assessments. In comparison, in the 2017 evaluation, the noncompliance for health and safety was reported at 19 percent of producers. Awareness efforts are needed on child labor; the number of cases increased in 2018-19 (9 instances) against (2 instances) identified during 2017 assessments.

Chart 2: Comparison 2017/2018: Interviewed farmers and workers' demographics



The following table summarizes the results of the 2018-19 IEM and IEV visits. The right column includes descriptions of the Corrective Action Plans (CAPs) developed and submitted by Olam in response to the FLA findings. To access the detailed reports, visit <http://www.fairlabor.org/affiliate/olam>

SUMMARY OF FLA 2018-19 FINDINGS	SUMMARY OF COMPANIES' COMMITMENTS (Corrective Action Plans <sup>5</sup> )
<b>EMPLOYMENT RELATIONSHIP</b>	
<p>Monitors noted that Olam and its partners took steps to educate and train farmers who are part of its traced supply chain. They initiated training programs on the workplace Code of Conduct, including the FLA's. The training is provided in French and other local languages. Visual aids are made available to facilitate understanding. The training was in progress during the monitors' visits.</p> <p>Some issues remain persistent in this area. Seventy percent of interviewed workers and 21 percent of farmers did not take part in the training sessions. The reasons for non-participation included lack of interest and lack of time (due to workload).</p> <p>During the farm visits, the monitors did not meet any hired young workers. However, some producers reported that they sometimes recruit casual workers, some of whom may be young. Generally, they recruit based on physical appearance without age verification or maintain any documents to confirm workers are the minimum legal age required. No mechanism was noted to address this gap.</p> <p>Monitors highlighted a lack of disciplinary procedures at the farms between the farmers and their workers.</p>	<p>Olam committed to assisting its' supplier cooperatives (supplier) in sensitizing workers and farmers about the importance of training. They will be encouraged to attend training sessions through the farmer field school and receive Olam supplier code leaflets. The awareness sessions will consider the women too. The awareness and training sessions will cover topics like keeping copies of workers' identification documents.</p> <p>Olam committed to working with ADGs (Group Administrators located in the cooperatives) to elaborate a standard working contract to be signed by any new worker. The contract will be signed along with the presentation of a copy of the worker's identity card or birth certificate.</p> <p>Olam committed to working with suppliers to develop a disciplinary procedure between producers and workers. The process would be shared with all workers and producers and explained through the farmer field school.</p>
<b>NON DISCRIMINATION</b>	
<p>Monitors noted a situation in one cooperative they described as discrimination based on gender stereotypes due to a community tradition. Two women reported that women in the community are not allowed to participate in training alongside men, nor allowed to sell their produce independently.</p>	<p>Olam agreed to assist suppliers in developing training on gender-equality.</p> <p>The supplier (cooperative) will organize community group discussions on permitting and encouraging women to sell their cocoa.</p>
<b>FORCED LABOR</b>	

<sup>5</sup> When receiving FLA IEM reports, Olam develops corrective action plans in collaboration with its upstream suppliers (e.g., cooperatives) to respond to the findings and implement remediation actions.

<p>One producer kept the identification documents of his sharecroppers to prevent the workers from ending the contract or committing theft.</p> <p>The producer reportedly said the workers did not request their identification documents to be returned, but that they would be returned on request.</p>	<p>Olam yearly organizes several sessions of training on labor practices with all suppliers in its supply chain. Olam ensures that its code of conduct on forced labor is visible by distributing posters and leaflets to farmers to increase awareness of what is acceptable.</p> <p>Olam will ask the Child Labor Monitoring and Remediation System (CLMRS) team at each supplier level to focus on building awareness on forced labor during farm and household visits.</p> <p>For immediate action, Olam will assist the supplier in discussing with the woman farmer in violation to help her understand her rights and duties and the rights of her workers. The aim will be to have her immediately return the original identification documents and keep only copies.</p>
<p><b>CHILD LABOR</b></p>	
<p>Monitors, during field visits, observed and recorded instances of child labor.</p> <p>Four producers reported their five family members, ages nine to 16, in the production work on their farms. According to their parents, the children undertake all types of production work, including work considered dangerous for their age. The children are either out of school or were never enrolled. These are violations of ILO Convention 138 ratified by Côte d'Ivoire, national laws and decrees on education and the minimum age for access to light work.</p> <p>An eight-year-old child - nephew of the producer's wife - transported heavy loads of cocoa pods to the place of pods opening. This child is out of school.</p> <p>A 14-year old girl, received at her exam in sixth grade, was forced by her parents to "drop out of school due to lack of financial means to support her schooling." Even if the monitors did not see her in a working situation during the visits, her presence in the cocoa production environment exposes her to the risk of participating in work in the fields. The case is in violation of the law on Compulsory Education for Children from 5 to 16 Years Old, in force in Ivory Coast.</p>	<p>Yearly, Olam organizes training sessions on labor practices with all the suppliers in its supply chain, and the company has committed to intensifying its training.</p> <p>Olam will increase CLMRS committees' actions this year by focusing on farm-level inspections, remediation action, and follow-up of the cases identified.</p> <p>Olam has distributed its revised code of conduct leaflets and posters to all the farmers in its supply chain.</p> <p>All producers and their households will be profiled through a digital app during the current season.</p> <p>Olam will assist suppliers through its CLMRS to reach all identified producers to check if they have been profiled over the season, understand the activities done by children, and how to remediate them so that these children may attend school (vocational or not).</p> <p>For the six-year-old child from Burkina Faso, the cooperative, with the support of Olam, making</p>

<p>A six-year-old child was transporting cocoa pods to the place of pods opening. According to his father, a sharecropper of a producer from the Olam supplier cooperative, the child arrived from Burkina Faso in February 2019 and yet not enrolled in school. The father said the child would be enrolled for the upcoming school year (2019-2020).</p> <p>A 15-year-old child (who stopped school in the fifth year of middle school in Togo in 2017 for lack of financial means) was observed by monitors digging holes with a pickaxe on the farm of a woman producer. He has been employed by the producer of the Olam supplier cooperative since 2018. He arrived in Côte d'Ivoire through his uncle to study mechanics. After arriving in Côte d'Ivoire, his uncle sent him to farm work with a cocoa producer for a salary of 170,000 CFA francs at the end of the annual contract.</p>	<p>the worker, who is his father, aware of child labor laws and the child has been enrolled in a school.</p> <p>With the support of Olam, the cooperative asked the woman producer to pay the 15-year-old worker and release him. Following communication with the 15-year old's parents, he was repatriated to Togo, his native country.</p>
<p><b>HEALTH, SAFETY, AND ENVIRONMENT (HSE)</b></p>	
<p>Monitors noted three HSE noncompliances and 16 farmers in noncompliance.</p> <p>The empty packaging of agrochemical products was found on two farms.</p> <p>Producers from 13 farms reported spraying chemicals without adequate equipment.</p> <p>In one case, the empty packaging of an agrochemical product was used as a box for the storage of cooking salt.</p>	<p>Olam will help suppliers educate producers on the dangers of pesticides on the human body (particularly on children).</p> <p>Olam will help suppliers sensitize producers and workers on the use of agrochemical products, the need to be trained and adequately equipped, and how to dispose of empty containers properly. Olam will make sure that there is a focus on this topic during farmer field school training and in coaching sessions.</p> <p>The CLMRS team at each supplier level will emphasize the topic when doing the household sensitization. Olam will help the suppliers increase the number of sprayers so that all the producers in need could use sprayers to treat their farms.</p>
<p><b>COMPENSATION</b></p>	
<p>Monitors interviewed a seasonal worker who has a subcontract with his uncle, who works as a sharecropper. The worker must receive 50,000 FCFA at the end of the season on his uncle's income in addition to food, accommodation, care in the event of illness,</p>	<p>Olam has improved the management of the IMS members' salaries by ensuring a direct digital payment to four of the employees at each supplier, i.e., the ADG and three lead farmers declared by the cooperative. Olam will work with</p>

<p>and at times bonuses. Although this salary is higher than the Agricultural Minimum Wage, it is lower than the prevailing market wage in the region where the amount varies between 1,500 and 2,000 FCFA for daily workers, between 150,000 and 250,000 FCFA for annual workers and the sharecroppers receive a third of the amount of the harvest of the plot for which they are responsible.</p> <p>According to interviews with the IMS of one cooperative, it appeared that there would be five months of delay in the payment of the salaries of some of the IMS staff at the time of the evaluation.</p> <p>18 percent (44 of the 240) of producers from two cooperatives, testified that they had not received their premium for the past campaign. The cooperatives could produce no proof of payment of the premium.</p>	<p>the supplier to ensure that the supplier regularly pays the rest of the IMS team.</p> <p>Olam has improved its procedure of premium payment verification at the farm-level to enable the confirmation of the payment of a sample of producers in a live interview with farmers by the Olam field staff. The sample is defined as the square root of the total number of farmers by the Olam M&amp;E team. The survey is conducted over two months, post payment of the first installment of the premium to the supplier. Only when the premium is confirmed as paid is that Olam pays the second installment of the premium to the supplier. Going forward, Olam will intensify the requirement to each supplier to set up booklets of vouchers to confirm the premium payment to farmers.</p> <p>For the cases of the 44 farmers claiming a non-payment of the premium, Olam will undertake an investigation. If the claim is confirmed, the supplier will have to regularize the payment of the premium to the concerned farmers.</p>
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### Progress and Remaining Gaps

Following the noncompliances identified during the 2018-2019 assessments, Olam developed action plans to correct these in their supply chain. Olam has agreed to strengthen its sustainability policies and procedures and double its efforts to address the recurring problems in employment relations, non-discrimination, child labor, forced labor, health, safety, and the environment and compensation. The below table summarizes the progress noted in 2018-19 compared to 2017 findings, recurring issues, and remaining improvement areas.

Code Elements	Progress identified by the FLA comparing the 2017 and 2018 results	Areas where improvement is still needed
Employment Relationship: age verification, employment terms, HSE management system, grievance procedure	<ul style="list-style-type: none"> <li>• Availability of workplace standards conveyed via explanatory materials (such as leaflets and posters)</li> <li>• Training sessions conducted through farmers’ farm school</li> </ul>	<ul style="list-style-type: none"> <li>• Intensification of communication and awareness among producers and workers</li> <li>• Awareness-raising and training on workplace standards for workers and farmers’ family members involved in production work</li> <li>• Awareness building on Olam grievance policy and procedures</li> </ul>

<p>Health and Safety</p>	<ul style="list-style-type: none"> <li>• Establishment of health and safety policies at the cooperatives level</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of first aid kits</li> <li>• Management of chemicals and safe disposal of empty packaging</li> <li>• Use of personal protective equipment</li> <li>• Use of applicators for chemical treatment</li> </ul>
<p>Forced labor</p>	<ul style="list-style-type: none"> <li>• Availability of leaflets and posters</li> <li>• Training session through the farmer field school</li> </ul>	<ul style="list-style-type: none"> <li>• Training on, and awareness of, retaining a worker’s documentation</li> <li>• Training on, and awareness of, wage payment</li> </ul>
<p>Compensation</p>	<ul style="list-style-type: none"> <li>• Training session through the farmer field school</li> <li>• Local minimum wage payment to workers</li> <li>• Improvement of premium payment tracking</li> <li>• Improvement of IMS employee’s payment system.</li> </ul>	<ul style="list-style-type: none"> <li>• Wage payment to workers</li> <li>• Payment control mechanism between farmers and workers</li> </ul>