

Nestlé response

Nestlé commissioned the FLA report 'Fair Labor Association's assessment of Nestlé's standard cocoa supply chain (non-Nestlé Cocoa Plan) in Cote d'Ivoire'. We thank the FLA for their useful insights and recommendations.



Each year Nestlé is increasing its Nestlé Cocoa Plan (NCP) in the Cote d'Ivoire and reducing the proportion of cocoa sourced through the standard supply chain. In expanding the NCP Nestlé is increasing the number of cooperatives in the plan, increasing the tonnage from successful cooperatives and also using partners such as 'traitants' as they are known in the Cote d'Ivoire. This report was a 'deep dive' into one particular traitant whom Nestlé's deals with through a non-profit foundation 'Farmstrong Foundation', and contains recommendations for how Nestlé can improve the programme. The detailed responses which have been devised by Farmstrong Foundation follow.

Responses to the individual FLA recommendations:

1. The *traitant* will expand (number of farmers) and deepen (richness of information) the database containing information of farmers and their families in the four selected Nestlé Cocoa Plan (NCP) communities to start with. This will be done with direct support of FarmStrong Foundation's¹ local staff based in Soubré. This could overlap with the existing traceability system and may use alternative mobile technology software for electronic data recording and data storage. Data set will include farmer name, ID number, cell phone number, GPS coordinates of his/her house and an address, farm GPS location, family demographics and farm production information.

Appropriate security and data protection will be assured. For survey questionnaires and training of data collectors, FarmStrong Foundation will use the experience gained in Indonesia. The initial activities will focus on the four selected NCP communities starting with the first phase (Phase I) in the 2016-2017 crop season covering approximately 2,100 farmers and their families. Simultaneously, in the first year preparations will start for the second phase wherein the mapping efforts will be doubled covering more farmers (estimated 5,000) and communities (8 to 12) in the same regions around Soubré.

¹ The FarmStrong Foundation supports smallholder farming, specifically the not yet formally organized farmers, and promotes sustainable agriculture supporting smallholder farmers through the design, the implementation and the monitoring of integrated agricultural and horticultural production systems and provision of technical advice. FarmStrong Foundations is delivering rural development programs that aim to improve local communities' social and economic conditions in countries like Ghana, Cote d'Ivoire, Indonesia and Philippines. FarmStrong Foundation is headquartered in Switzerland.

Additional preparations for the second phase will entail training of the local supply-chain actors, building the data base, distributing printed Nestlé Supplier Code in future NCP communities, focus group discussion and explanations in group gatherings and setting up of the mobile IT infrastructure. Related indicators are attached in Annex 1. During the second year of the implementation, preparations will start for Phase III.

2. The *traitant* will roll out the programme in cooperation with Nestlé and develop similar approaches for other bean-buying partners (companies) starting in the 2016-2017 season. The *traitant* and the FarmStrong Foundation would first like to thoroughly understand the (local) issues and root causes. This will provide focus and will help prepare in dealing with these issues before embarking on monitoring and remediation. The foundations will be laid first through the farmer data collection, research and analysis, quantification (weighing) and prioritizing (urgency) of specific issues and determining the underlying problems and their roots causes (such as income and livelihood, economics, land tenure, gender, health, nutrition, water, lack of schools, lack of birth certificates). All parties (in and outside of cocoa supply chain) will subsequently design a coherent program to address critical issues in a logical sequence such as awareness training and defining locally debated and agreed-upon approach.

For example, health and nutrition of farmers and their families are critical factors in the agricultural production system. In the upcoming crop year 2016-2017, interventions in a multi-stakeholder approach are planned; related to malaria, smoke induced respiratory diseases, de-worming, drinking water and nutrition. A land rights pilot is in preparation for the 2016-2017 season. Monitoring and remediation will subsequently be part of the core program and will be accompanied with knowledge building and with a focus on continuously improvement

3. This ask is fully understood and the involved organisations collectively will strive towards a documented and formal contractual relationship between the parties. However, in today's context and setting wherein most farmers are illiterate, all actions cannot be realized immediately. As a first step, the *traitant* with support from FarmStrong Foundation will develop on a more formalised protocol - a set of guidelines combined with a code of conduct - to which literate supply-chain operators have to adhere when dealing with illiterate colleagues and other members of the supply chain including producers.

Piloting this approach in the first phase with help define the aspects that can be further extended to basic, clear, specific and tailor-made supplier contracts. The plan is to get these contracts ready for the 2017 mid-crop (June/August). These contracts

will be linked to the supplier ID, warehouse manager, weigh scales, warehouse receipts and payment data, base farm-gate price and premium. The timing of this will coincide with the plans of the Central Government's Conseil de Café et Cacao to introduce practice of individual farmer contracts as national standard. Parallel to this process, the *traitant* will ensure that the *traitant* affiliated warehouse keepers and collectors substitute independent pisteurs who are not registered with the *traitant*.

4. Nestlé will distribute its supplier code to NCP farmers and their workers. As Nestlé would be reluctant to distribute Nestlé code outside of the NCP farmer-base, the *traitant* will consider developing his own code based on Nestlé's COC to ensure alignment. This will be done in future NCP communities and rolled out in the surrounding bush warehouses / collection points. Known communication experts with experience with an illiterate target group will be deployed for this exercise. This will start in August 2016 ahead of the new cocoa season that starts in October.
5. The *traitant* supports the idea of training its personnel in labour standards and providing them a basic level of occupational risk and training to reduce injury on land, on tracks, in central warehouse and bush warehouses. For the central warehouse and head-office staffs that are mostly literate (about 60 people) an annual training would suffice and will be conducted.

The seasonal warehouse staff will also be included in this training. ICI will provide training-of-trainers and uses Soubré staff as pilot trainers and will be organised in December 2016. Trainees will be provided lunch and refreshments in lieu of their time. Training on occupational safety and hazards (dust) will be introduced in the season 2016 - 2017.

6. The *traitant* understands the point and will undertake a pilot with a small number of people. There will be a combination of Collectors and Producer Relays working in this field. One village in each of the three zones will be targeted. Special attention will be paid to search for male and female representatives. The electronic data collection system mentioned above can be tested to be Wi-Fi accessible and feed into and maintain information on a cloud-based server.
7. Nestlé will roll out Child Labour Monitoring and Remediation System (CLMRS) with the International Cocoa Initiative (ICI) with defined NCP farmers in all the selected communities, the same that Nestlé does with NCP cooperatives. Outside of NCP, the *traitant* will do small pilot with ICI directly or with their guidance. The plan is to do this with future NCP farmer communities by preparing staff and distribution of approved material (codes, posters, target group discussions during training sessions on other topics etc.).

During the first year (2016/2017) preparation will be undertaken by FarmStrong Foundation to conduct information collection from the village residents. This will provide an opportunity for the community members to get used to the presence, types of questions and interventions. Other companies sourcing directly or indirectly from the same villages will be mobilized by FarmStrong Foundation to explore their interest in joining the efforts around a Child Protection System.

8. Training rigour will be improved through an IT roll out which would include tracking farmer-training attendance. At the same time this would bring discipline, rigour, routine and would therefore lead to qualitative improvements in the training. It would also be used to enhance training effectiveness and lead to adapted topics and / or pedagogical adjustments to increase absorption of knowledge provided and adoption of learnings. This will be done by an app programmed in the tablets and can also be established by smart phone SMS or any GPS tracker. This will start as of new season in October 2016. Two additional demo-plots cum Farmer Field School or Farmer Community Training Centre will be established in cooperation with Syngenta and FarmStrong Foundation.
9. This is clearly a part of the *traitant's* farmer support programme designed and implemented with FarmStrong Foundation. FarmStrong Foundation would explore ways in which farmers can work more efficiently and integrate other crops specifically food crops for local and regional consumption or alternative cash crops like annatto or timber.

There will be several parties involved depending on the (food) crop or production system for example agriculture, (agro)-forestry and/or horticulture. Income risk mitigation and climate smart production are key components. The objective will be to maximize net revenue with lowest cost input and lowest labour requirement per unit land.

10. The *traitant* is undertaking such efforts in some communities. In addition to the bush warehouse managers, the collectors-cum-drivers, once trained will be used as promoters of the good cause (incorporating the message of improving working conditions and other social messages). Schools and community training centres have been built by the *traitant* who will continue to build more such infrastructures and these can be used as multi-purpose community centre where a multitude of topics can be discussed in groups.

FarmStrong Foundation staff will support the training provided by either ICI and/or FLA and will play a relay role to the supply-chain partner's local stakeholders. For

example, in a community named *Johin* there is a large school complex, which can be used for some of the above specified purposes. Activities weaved around sporting events such as soccer tournaments are excellent opportunities to discuss certain topics in a positive atmosphere. There will be one tournament this season and the first coached girls' soccer team will be set-up in 2016.

The *traitant* with the support from the FarmStrong Foundation is working on a mechanism to access birth certificates for children retrospectively and introduce a routine amongst the families to secure correct and precise recording soon after birth. The first pilot is taking place in Allakabo and two surrounding *campements*. The first group consists of 437 children who are divided in age groups and first batch (born before 2009) is currently being worked on. The target is to secure birth certificates before September 2016 for as many as possible.

The Saragakui CLM Committee could be employed in Allakabo and the approach to securing birth certificates can be transferred to Saragakui. Furthermore, a detailed needs assessment is likely to discover other areas of intervention such as health, malaria, birth certificates, water, nutrition, gender, food security etc.

11. See Answer to (7)

12. The *traitant* will work with one of the existing Nestlé partners -Syngenta- in this area. Syngenta will roll out health risk and safety training for crop protection application and this will also include the importance of wearing PPE. The focus is on the four NCP villages and the activities will start in August - September 2016. There are several young people above 18 in the communities who conduct chemical application for income but are not trained and are often unaware of the risks who will be specifically targeted for these trainings.

Additionally, farmers will be trained on the dangers of illegal and counterfeit products and how to avoid their use. Some groups have been set up to spray fields and have been trained and more will follow. The initial focus will be the four selected communities and Syngenta will test a new distribution system in cooperation with the *traitant*.

There will be four new motorbikes for the upcountry team dealing with the four communities, four helmets will be bought and wearing them will be made mandatory and enforced.

Clean and potable drinking water has become scarce with open wells drying out in summer. In some cases, clean ground water is more than 50 meters deep, below the

bedrock and inaccessible. People have no option than to use surface water, which is often unclean and unfit for drinking.

A need assessment will be conducted by the FarmStrong Foundation per community to prioritize needs and locally available solutions. Boreholes, filters, boiling systems will be evaluated. This will also hugely reduce women's time spent on fetching water. Preventive and curative health measures like deworming pills for children and other measures to reduce exposure to water borne parasites and diseases are being investigated into. This again requires involvement of multi-stakeholders and will start in mid-2016.

The *traitant* has a strong base in Soubré and therefore most efforts are starting here. There are eighteen additional warehouses houses across the Ivory Coast that are operated by the same *organisation*, in addition to the two biggest being in Soubré and Gagnoa. Based on the success of these efforts, a further roll out plan for the other location can be considered.

Nestle along with other sector partners - who are also discussing the lack of transparency and characteristics of the supply chain that are still not covered under of any social program -- will continue the debate and explore collaboration and way forward.

Annex 1

KPIs

- Number of farmers trained
- Total cocoa tonnage delivered to Nestle
- Premiums paid or accrued (as stipulated by certification system)
- Quarterly:
 - UTZ Certified certification progress
 - Number of supplier and coop personnel trained on child labour
 - Farmers trained on child labour
 - Number of farms visits including collecting and recording data
 - Number of follow up visits
 - Notification of non-compliances on child labour found annually
 - Data collection on gender and women participation in cocoa farming (to be updated by March each year starting from 2016)
 - Number and percentage of women farmers
 - Number and percentage of women farmers trained
 - Number and percentage of women farmer trainers
 - Number and percentage women in decision making positions in coops
 - Number and percentage of women farmers owning land