

INDEPENDENT EXTERNAL MONITORING OF OLAM'S COCOA SUPPLY CHAIN IN IVORY COAST

EXECUTIVE SUMMARY

As a requirement of a company's affiliation with the Fair Labor Association (FLA), the FLA annually conducts independent assessments of a sample of each affiliated company's supply chain. For Olam, which joined the FLA in October 2012, this means monitoring a portion of the cocoa-producing cooperatives and farms in its Ivory Coast supply chain representing 80 percent of the total network.

From October to December of 2013, during the peak cocoa-harvesting season, the FLA conducted three unannounced independent external monitoring visits to two cooperatives in the Ivory Coast supplying to Olam. The detailed reports can be found at <http://www.fairlabor.org/2013-olam-independent-external-assessments> Olam is a tier 1 supplier of cocoa to Nestlé. Assessors selected three communities through a stratified random sampling from two cooperatives supplying to Olam. A team consisting of both FLA staff and trained external assessors conducted the visits in Yamoussoukro, in the center of the Ivory Coast, and in Soubre, in the west, two of the country's largest cocoa-producing regions.

Assessors visited a total of 60 farms (20 farms in each of the three communities). The team began by gathering information through desk-based research and meetings with external experts, community members, and civil society organizations in the two regions. Following their research, the team visited the cooperatives, conducting a total of 103 interviews. Assessors interviewed nine community members (eight men and one woman), four staff members at the cooperatives, 60 farmers (58 men and two women who own the cocoa plantations) and 30 adult seasonal workers and sharecroppers (26 men and four women who are engaged to work on the plantations by the farmers).



Ivorian farmer holding cocoa pods.

Independent External Monitoring Findings

To communicate its labor standards to a community of suppliers with a low overall literacy rate, Olam produced an illustrated form of its Supplier Code of Conduct in 2013 and distributed it to 34,500 farmers. Assessors confirmed that the Illustrated Supplier Code has been distributed to all 60 farmers they visited. All the interviewed farmers also stated that they had attended training sessions organized by the cooperatives at which code elements were explained in French or in the local dialect.

In addition, assessors identified the following key findings:

1. **Code Awareness, Employment Relationship, and Grievance System** – Despite farmers' familiarity with Olam's and other companies' Code of Conduct, workers and sharecroppers have not received training on the code. Farmers have not been trained on document maintenance, and the lack of any employment documentation at the farms (such as labor profiles, employment contracts, hours of work, and compensation records) made verification of several code elements challenging. Existing grievance procedures are ineffective due to lack of awareness amongst farmers or workers, and the farms lack any non-retaliation policies.
2. **Health, Safety and Environment** – Assessors found a number of health and safety related non-compliances at all visited farms, including lack of potable water and first-aid kits, insufficient safety and personal protective equipment (PPE), especially for women; unsafe use of pesticides and fertilizers; and improper storage of machetes in farmers' or workers' living quarters.
3. **Gender Disparities** – In both visited cooperatives, all staff managing the internal monitoring systems were men. Assessors did not note any efforts to involve women as trainers or include women growers and workers in the training programs run by the cooperative or the company.
4. **Non-discrimination** – Discriminatory practices were found at one of the visited cooperatives. Assessors concluded based on interviews and records review that cooperative's board members are selected based on their country of origin or family association. Farmers who are members of the cooperative are not involved in the selection process of the cooperative's board members, leading to an unfair selection process.
5. **Harassment and Abuse** – There are no policies and procedures for handling discipline at the cooperatives or farms. Farmers are not trained on policies and procedures against harassment and abuse. The related policy provided by Olam prohibits sexual abuse, but remains silent on any other aspects of workplace harassment or abuse.
6. **Child Labor** – Farmers and workers reported in interviews that children under 18 are frequently involved in farm work, especially during holidays. If a case of child labor does occur, Olam does not maintain a system for removal or remediation of child workers. Assessors did not interview or observe any child workers during their visit.

Corrective Action Plans

In response to FLA's monitoring visits, Olam has developed and submitted a corrective action plan, included in the FLA monitoring reports. The highlights of this plan include:

1. **Code Awareness and Grievance System** – Olam will organize a training-of-trainers session on the Supplier Code of Conduct for the cooperatives' farmer-trainers and for the Group Administrators (ADGs), who oversee the cooperatives' sustainability programs at the cooperatives' level. Workers and their wives will be actively encouraged to participate in the training sessions conducted by the farmer-trainers, to ensure full awareness and adoption of all fair labor principles. With support from Olam, the cooperatives will create a grievance channel and non-retaliation policy for workers. The cooperative's ADGs will incorporate information about the grievance channel and non-retaliation policy into trainings on the Olam Supplier Code and will post notices posted at the cooperatives. Workers will be encouraged to report their complaints to the ADG, who will investigate complaints and develop remediation plans with either the farmer involved, or with a committee from the cooperative, depending on the seriousness of the complaint.
2. **Health, Safety and Environment** – In locations where potable water is not readily available, Olam is planning to run awareness campaigns for farmers on safe treatment and use of ground water drawn from wells. One cooperative has engaged a local civil society organization to analyze and treat well water. Olam will provide a manual to farmers and workers on health and safety procedures for cocoa production and social requirements. Olam will ensure that the cooperatives provide first-aid kits in each section and educate workers, producers and their families on health and safety. To help remediate women's lack of access to personal protective equipment (PPE) and other health-and-safety best practices, Olam will actively encourage women to participate in the training sessions and to be trained as trainers. Finally, Olam will conduct a mapping and resource assessment of rural health centers in the villages they source from and engage with the local authorities to inform them about the resource constraints and needs at the health centers.
3. **Non-discrimination** – At the cooperative found to employ discriminatory election procedures, Olam will inform cooperative leadership that all cooperative members must be involved in the election process.
4. **Harassment and Abuse** – Through the awareness training sessions, Olam will train the ADGs and farmer-trainers on the disciplinary system requirements. The disciplinary procedures will also be discussed with the farmers and workers.
5. **Child labor** – Olam will establish a Child Labor Monitoring Committee at the cooperatives that will comprise the ADGs, village leaders, a farmers' representative, and a women's association member. Olam will train the ADGs on child labor remediation. During harvest season, farmers will be monitored by the ADGs and other internal monitoring staff.. Identified cases of child labor will be treated on a case-by-case basis. The ADGs will consolidate the monitoring and remediation results in a database for further analysis that may be of assistance to other cooperatives.