

INDEPENDENT EXTERNAL MONITORING OF THE NESTLÉ, OLAM, AND BALSU HAZELNUT SUPPLY CHAIN IN TURKEY: 2014 - 2015

EXECUTIVE SUMMARY

As a requirement of companies' affiliation with the Fair Labor Association (FLA), the FLA annually conducts independent assessments of a sample of each affiliated company's supply chains. In 2014, the FLA conducted assessments of a hazelnut supply chain in Turkey shared by three FLA affiliates – Nestlé, and its two main first-tier suppliers, Balsu and Olam Prodigia. Together, Balsu and Olam Prodigia account for 99 percent of Nestlé's hazelnut volume in Turkey.



FLA monitors interview hazelnut workers in the Ordu region of Turkey.

This report summarizes the FLA's findings for its 2014 assessments, the companies' responses to the 2014 findings, and company actions taken in 2014 in response to the 2013 round of assessments.

Methodology

Between August 4 and 26, 2014, the FLA and external assessors conducted independent assessments of 32 farms in Olam's supply chain in the Ordu and Sakarya regions of Turkey, and 38 farms in Balsu's supply chain in the Düzce region. The assessment team followed the FLA's Independent External Monitoring (IEM) methodology, gathering information first on local and sectoral labor issues through desk-based research and meetings with the Turkish Employment Agency (ISKUR), the ILO, the Directorate of Food and Agriculture, and the Chamber of Agriculture.

Next, assessors visited two camp areas in Ordu and two summer schools in the Düzce region to learn about living conditions for migrant workers and children's educational opportunities. These visits were followed by visits to the farms and the regional offices of Nestlé, Balsu, and Olam Prodigia.

The assessments included interviews with farmers, labor contractors, and local and migrant workers and their accompanying family members. Of the 535 workers (122 in Ordu, 144 in Sakarya, and 269 in Düzce) reported to be working in the gardens, 437 were interviewed (60 in Ordu, 144 in Sakarya, and 233 in Düzce). Of the 535 workers, almost half were women and half were men.

2014 Findings

The table below summarizes the key findings from the FLA’s 2014 IEM visits and provides highlights of the corrective action plans (CAP) developed by Nestlé, Balsu, and Olam Progida and submitted in response to the FLA’s findings. To access the detailed reports, please visit: www.fairlabor.org/2014-hazelnuts-independent-external-assessments

SUMMARY OF FLA IEM FINDINGS	SUMMARY OF COMPANIES’ COMMITMENTS (CAPs)
CODE AWARENESS AND GRIEVANCE SYSTEM	
<p>While monitors observed obvious efforts by the three companies to increase farmers’ awareness of their codes of conduct, farmers exhibited a limited knowledge of all the code elements, being only familiar with prohibitions against child labor and some basic health and safety elements.</p> <p>The companies have not successfully conveyed their labor standards to the local labor contractors who are key actors in the hazelnut harvesting activities. For workers hired during harvesting, there is no training on workplace standards.</p> <p>Awareness of the companies’ recently established toll-free hotline to report grievances is also low. Most of the workers do not know about the line, how to use it, or what measures are taken to ensure confidentiality and non-retaliation.</p>	<p>The companies report that they will organize more training sessions, before the next season starts, on their respective codes of conduct for farmers and supply chain intermediaries, focusing on all code elements.</p> <p>Nestlé reports that it will distribute its illustrated code during these trainings, and will hang posters in the villages. Olam Progida will also distribute a farmer’s field notebook to all farmers that includes basic procedures on health and safety and working conditions. Balsu will collaborate with the Young Lives Foundation to regularly visit workers’ camps and conduct trainings and informal code awareness activities.</p> <p>The companies report that all documentation will be distributed in the language spoken by the workers (whether Turkish, Kurdish, or Arabic). As a pilot project in a few villages, Olam Progida will establish local teams composed of two community members each to observe working conditions and explain the code to workers during harvesting.</p> <p>Through formal and informal training and communication materials posted in prominent places in the villages, each company will work to ensure that workers understand that a non-retaliatory grievance procedure exists, and how to use it.</p>

<p>CHILD LABOR <i>“No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher.”¹</i></p>	
<p>Assessors identified a total of 46 child workers younger than 15 years old during farm visits: five in Ordu (from the local workers’ families) and 41 in the West Black Sea region (Düzce and Sakarya). They represent approximately 10 percent of the total migrant workforce in the Sakarya and Düzce regions², and 8.6 percent of the total workforce met during the IEMs.</p> <p>Assessors also identified a total of 83 young workers (between 15 and 18 years of age) working the same hours as adults and performing similar hazardous and strenuous tasks, such as carrying heavy bags of hazelnuts weighing up to 70 kilograms. The young workers represent 15.5 percent of the total workforce met during the IEMs.</p> <p>Labor contractors bring entire families, including children, to the farms, without the contractors or the farmers verifying or documenting anyone’s age.</p>	<p>The three companies report that they will continue remediate findings of child labor in hazelnut harvesting through awareness raising, close monitoring, and prevention activities.</p> <p>Balsu commits to extend its summer schools project in collaboration with Young Lives Foundation to more villages and schools, and Nestlé will support this project. The companies will provide a number of scholarships to child workers to compensate for any loss of family income due to the elimination of child labor in the gardens. In cooperation with local non-governmental organizations, Olam Progida and Nestlé will organize game sessions for children and create safe play areas as a pilot project to try and keep children away from hazelnut picking.</p> <p>To improve the age verification process, the companies will distribute notebooks to farmers to be used for record-keeping. The companies report that their trainings will insist on adherence to the child labor element of the Code of Conduct, and will also include information on improving working conditions for young workers.</p>
<p>NON-DISCRIMINATION <i>“No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.”</i></p>	
<p>FLA’s assessments found discriminatory practices against migrant workers.</p> <p>The farms visited by the FLA pay migrant workers the daily minimum wage of 38 to 40 Turkish lira, but pay local workers the higher rate of 45 to 60 Turkish lira. Migrant workers also see their wages further decreased by a 10 percent commission deducted by the labor contractors, while local workers who are not recruited by contractors do not face this deduction.</p>	<p>The companies, in their responses to the FLA’s findings, recognize that farmers tend to pay different wages to migrant and local workers. They report that farmers tell them that migrant workers do not perform as well as local workers and that some farmers provide accommodation to migrant workers.</p> <p>The three companies report that they will strengthen local stakeholder engagement to discuss the issues and try to change perceptions and practices. The companies will consult with the local commissions charged with setting guidelines for seasonal workers’ employment terms, and will emphasize the importance</p>

¹ From the FLA Workplace Code of Conduct: <http://www.fairlabor.org/our-work/code-of-conduct>

² In the West Black Sea region (Sakarya and Düzce), a vast majority of the workforce was made up of Kurdish migrant workers from southeastern Turkey. However, Hazelnut volumes at higher-altitude farms in Ordu in the Middle Black Sea region were found to be low due to frosts that spoiled most of the flowers early in 2014. Consequently, farmers in this region did not hire migrant workers to help them during harvest. The farmers picked hazelnuts themselves along with family members and local workers from nearby villages.

<p>In addition, farmers require migrant workers to work one hour later than local workers, though all workers arrive at the farms at the same time.</p>	<p>of preventing of discrimination against migrant workers in their wages and hours of work. Training to farmers and labor contractors will also make sure to specifically cover these topics as well.</p>
<p>HEALTH, SAFETY, AND ENVIRONMENT <i>“Employers shall provide a safe and healthy workplace setting to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employers’ facilities. Employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.”</i></p>	
<p>The FLA assessments found that the three companies have not adopted responsible measures to mitigate transportation-related risks or to prevent accidents or injuries. For example, workers commute between their settlements and the fields while sitting on top of fully loaded tractors traveling on steep roads.</p> <p>The assessments also found no health and safety documentation or information boards available at the farm level. The companies have distributed some personal protective equipment (PPE) to farmers, but provide no documentation on how to use them. Consequently, workers are not consistently using PPE as they are not fully aware of their importance and utility.</p> <p>Although first aid kits were provided to farmers during the trainings, most of these kits are kept at the farmers' house (two to three kilometers away from the farms), which makes it difficult for a worker to receive first aid if the farmer is not around.</p> <p>Not all living quarters for workers are adequate and safe. Farmers offer their unused, and sometimes unsafe or unfinished, houses to accommodate the migrant workers.</p>	<p>Balsu reports that its health and safety specialists will perform a health and safety risk analysis before the start of the 2015 season. The company will share the outcomes of its analysis, along with recommended measures to prevent non-compliances, with the farmers and labor contractors in its upcoming health-and-safety trainings.</p> <p>In each village, Balsu and Olam will organize health-and-safety and first-aid training for volunteer farmers, and will distribute first-aid kits and PPE at the end of the training sessions. The companies will monitor farmers’ distribution of PPE and placement of first-aid kits. The companies will ask the farmers to provide a short health and safety briefing to the workers at the beginning of each working day.</p> <p>Regarding substandard living conditions for migrant workers, the companies will inform the local commissions, and request appropriate action to increase information sharing and control over this issue. Farmers will also be informed of the necessary living conditions during refreshment trainings given by Balsu and Olam Progida, and monitoring visits will be conducted to check the living quarters.</p>
<p>HOURS OF WORK <i>“Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.”</i></p>	
<p>Daily and weekly working hours are excessive and discriminatory.</p> <p>Local workers work 9.5 hours per day, with migrant workers putting in 10.5 hours per day, seven days</p>	<p>The three companies will engage with the local commissions to further discuss hours of work conditions and advise them to add information in the circulars (that are distributed to farmers before the season) that is in line with the national legislation. The</p>

<p>per week, throughout the entire harvesting season. Local workers therefore work 66.5 hours a week and migrant workers 73.5 hours a week as regular working hours. Workers usually spend three to four days on one farm and then move to the next one. Local commissions set hours of work guidelines for seasonal workers that exceed FLA code and national legislation requirements. Guidelines set working time at 10.5 hours a day (73.5 hours a week) while FLA code limits regular working hours to 48 hours a week, and national legislation to 45 hours a week. Above this regular working time limit, hours of work should be considered as overtime work and compensated accordingly (up to 60 hours a week).</p>	<p>farmers, labor contractors, and workers will also be informed of the hours of regulations that should be applied during harvesting season.</p>
<p>COMPENSATION <i>“Every worker has a right to compensation for a regular work week that is sufficient to meet the worker’s basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers’ basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does.”</i></p>	
<p>After deduction of the 10 percent commission from the labor contractors who act illegally, pay for migrant workers (paid 38 to 40 Turkish lira per day) fell below the minimum wage of 37.8 Turkish lira established by the local commissions. This minimum wage does not include compensation for overtime work.</p> <p>Farmers and labor contractors keep no wage records, and workers are only paid at the end of the harvest season for all farms in the region once the crop is sold. Finally, seasonal agricultural workers are not registered in the National Social Security System.</p>	<p>The three companies report that they will engage with the local commissions that set the rules and regulations for seasonal workers before the next hazelnut harvesting season to discuss compensation-related issues, such as labor contractors’ commissions, wage discrimination, overtime compensation, timely payment of wages, and registration of workers with the social security system. Specifically, the companies say they will seek ways for labor contractors to be remunerated without deducting their commission from workers’ wages.</p> <p>The companies say they will encourage farmers to maintain records of hours of work and wage payment during training sessions, and that they will work on increasing workers’ awareness of the minimum wage regulations and the social security benefits to which they are entitled.</p>

2014 Actions implemented by Nestlé, Balsu and Olam Progida

The FLA’s key findings in its 2013 assessments of hazelnut farms in the Ordu-Giresun and Akcakoca regions included:³

- In the 67 hazelnut farms visited, assessors identified a total of 56 child workers (children under 15 years of age) and 53 young workers (15 – 18 years), representing 20 percent and 21 percent of the interviewed workforce respectively.
- Children, young workers and adults were seen performing the same tasks and worked the same number of hours. In most farms working hours exceeded the local legal limit of 11 hours per day.
- Assessors found no information or documentation about systems and practices relating to compensation or working hours, and found that labor contractors illegally deducted approximately 10 percent of each worker’s daily wages in commission. Once these commissions were deducted, workers received less than the minimum daily wages for their area (35 Turkish Lira). Workers were not compensated for overtime hours over the daily limit, and all wage payments were made as lump sums at the end of the season.
- Assessors identified a number of health and safety issues, such as workers working without proper personal protective equipment, and a lack of first-aid boxes or trained personnel to assist workers in case of an injury or chemical exposure. The living quarters of the migrant workers provided by the growers were small, and lacked electricity or running water.

Nestlé developed corrective action plans for findings related to code awareness, grievance systems, and child labor to be implemented in the monitored farms and progressively throughout its Turkish hazelnut supply chain. Some of the issues taken up in the 2013 company action plans (CAPs) recur in the 2014 findings noted above. The 2013 plans did not specifically address findings on hours of work and compensation, with Nestlé prioritizing remediation on child labor and health and safety instead. These issues also recur in the 2014 findings.

The below table details Nestlé’s corrective action plan and notes actions taken in 2014 as reported by Nestlé, Balsu, and Olam Prodigia. The FLA was able to confirm some of the actions listed below only at the program or policy level, with the impact of these actions at the farm level remaining unknown since the farms visited in 2014 are different from those visited in 2013. The FLA intends to conduct IEM verification visits at previously assessed farms in the 2015 and 2016 cycles and report its findings.

NESTLÉ 2013 CAP	ACTIONS TAKEN IN 2014
Nestlé plans to engage the local authorities and the ILO in the two regions, and work closely with the Tier 1 suppliers to create awareness amongst growers, workers and labor contractors on labor standards and the Nestlé Supplier Code. This will be accomplished through campaigns, distribution of an illustrated code	The FLA can confirm that Nestlé has worked with its Tier 1 suppliers Balsu and Olam Prodigia to trace and register all the 4,000 hazelnut gardens that supply for Nestlé. In a collaborative effort, the three companies then organized trainings and awareness raising sessions

³ The 2013 IEM visits took place in different villages and farms from those visited in 2014. To access the detailed 2013 IEM findings and related Executive Summary, please visit:
http://www.fairlabor.org/sites/default/files/documents/reports/nestleexecutivesummary_final.pdf

<p>in Turkish, and targeted trainings.</p>	<p>for their upstream suppliers, with 435 hazelnut farmers and manavs (intermediary traders) attending in Düzce, Ordu and Sakarya regions. These trainings focused mainly on health and safety, child labor prevention, and good agricultural practices, with posters and illustrated codes of conduct designed to educate farmers on other code elements.</p>
<p>Nestlé will establish a toll-free hotline as a mechanism for reporting non-compliances, and introduce a formal grievance procedure for using it.</p>	<p>The FLA can confirm that Nestlé, Balsu, and Olam Progida have established a toll-free hotline to allow farm workers and community members to anonymously raise complaints and workplace issues, although most workers interviewed in 2014 were unaware of its existence.</p>
<p>Nestlé’s internal monitoring team will oversee a grower self-assessment process to regularly evaluate their performance.</p>	<p>The FLA can confirm that in 2014, Nestlé, Balsu, and Olam Progida jointly developed assessment tools (both self-assessment and an internal monitoring tool) to evaluate compliance with their codes of conduct at the farm level.</p>
<p>Nestlé plans to work closely with local organizations to establish a child labor monitoring and remediation system.</p>	<p>The FLA can confirm that in 2014, Nestlé supported ILO projects to reduce child labor in two temporary settlements (Uzuniza and Efirli) by improving infrastructure and education for migrant workers and their children.</p> <p>In addition, Nestle suppliers Balsu and Olam Progida monitored 115 hazelnut farms with a key focus on child labor and health and safety at work. Balsu has initiated two summer school projects to help prevent children from working in seasonal hazelnut harvesting. Olam has organized play sessions in two villages as a pilot project and introduced the concept of children’s rights through games with 65 children of workers and farmers</p> <p>In their child labor remediation efforts, Nestlé, Balsu and Olam Progida continued their engagement with local authorities and stakeholders such as the Turkish Directorate of Food and Agriculture, the Chamber of Agriculture, the ILO and the Turkish Employment Agency. Nestlé continues collaborating with local authorities and the ILO Turkey through a public private partnership (PPP), which Nestlé and other companies are funding via CAOBISCO, the European Association of Chocolate, Biscuits and Confectionery.⁴</p>

⁴ For more information : http://www.ilo.org/public/english/region/eurpro/ankara/info/press/caobisco_and_ilo_against_child_labour.htm