

INDEPENDENT EXTERNAL MONITORING OF NESTLÉ'S COCOA SUPPLY CHAIN IN IVORY COAST: 2014 - 2015

EXECUTIVE SUMMARY

The FLA annually conducts independent assessments of a sample of each affiliated company's supply chains. For Nestlé in Ivory Coast, the FLA has been monitoring since 2013 a growing portion of its cocoa supply served by the Nestlé Cocoa Plan (NCP).¹ As of mid-2015, the NCP represented around 25 percent of Nestlé's total cocoa supply chain.

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.



Cocoa workers splitting pods in Bianouan, Abioisso, Ivory Coast.

Methodology

From September to December of 2014, during the peak cocoa-harvesting season, the FLA conducted 13 unannounced independent external monitoring visits to four cooperatives in the Ivory Coast supplying to Nestlé via the NCP. The FLA selected these four cooperatives through a stratified random sampling taking into account criteria such as location, tier-1 suppliers sourcing from the cooperative, certification status, and involvement in Nestlé's Child Labor Remediation and Monitoring System (CLRMS). A team consisting of trained external assessors conducted the visits in four different regions of the Ivory Coast visiting three to four communities in each location:

- **Aboisso:** Kongodjan, Bianouan, Kouakoukro, Sanhoukro;
- **Divo:** Divo, Yobouékro, Chiépo;
- **Guitry:** Zaourakro, Guitry, Babokon; and
- **San Pedro:** Sialoukro, Libreville, Petit Bouaké.

Assessors visited a total of 260 farms (20 farms in each of the 13 communities). These 260 farms represent 6 percent percent of the 4,103 farm owners affiliated with the four visited cooperatives. The average size of farms in the visited communities varies between 3.9 hectares to 6.6 hectares.

¹ Nestlé launched the Nestlé Cocoa Plan (NCP) in March 2011 with a commitment to eliminate child labor from its cocoa supply chain. In June 2015, the NCP covered cocoa farmers in 33 participating cooperatives.

The assessment team followed the FLA's Independent External Monitoring (IEM) methodology, gathering information first through desk-based research and meetings with external experts, program representatives, community members, and civil society organizations in the four regions. Following the external information gathering, the team visited the cooperatives, the communities and the cocoa farms. Assessors interviewed a total of 58 staff members at the cooperatives, 260 farmers (253 men and 7 women who own the cocoa plantations) and 114 workers and sharecroppers.

The table below provides the details of the farm population and population interviewed during the IEMs. On the 260 visited farms, assessors met 31 young workers and 25 child workers (one hired worker and 24 family workers).

Table 1. Farmers, sharecroppers, and workers' population in the 13 visited communities

Farm population	Total	Male	%	Female	%	Total Interviewed	%
Farmers	260	253	97%	7	3%	260	100%
Adult sharecroppers	72	72	100%	0	0%	24	33%
Young sharecroppers (15-18 years old)	1	1	100%	0	0%	1	100%
Adult hired workers	46	46	100%	0	0%	11	24%
Young hired workers (15-18 years old)	4	4	100%	0	0%	1	25%
Hired child workers (younger than 15)	1	1	100%	0	0%	1	100%
Adult family workers	475	196	41%	279	59%	49	10%
Young family workers (15-18 years old)	26	26	100%	0	0%	6	23%
Child family workers (younger than 15)	24	21	88%	3	13%	21	88%

2014-2015 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 in response to the FLA's findings. To access the detailed reports, please visit <http://www.fairlabor.org/affiliate/nestle>

SUMMARY OF FLA IEM FINDINGS	SUMMARY OF COMPANIES' COMMITMENTS (Corrective Action Plans ²)
CODE AWARENESS AND GRIEVANCE PROCEDURE	
<p>Assessors observed obvious efforts by Nestlé and its partners to inform, educate, and train a large number of farmers on its Code of Conduct (CoC). Nestlé has developed an illustrated Code of Conduct to inform its suppliers of the standards to be followed. This code is meant to be displayed at the cooperatives and in the sub-sections, and distributed and explained to the farmers at the farmer field school sessions.</p> <p>However, assessors identified a few communities (cooperatives' sub-sections) in nine of the 13 visited cooperatives where the CoC was not displayed and where the farmers did not receive the information material. Some of the interviewed farmers never attended farmer field school sessions due to lack of interest or time, or lack of availability of farmer field school in their community.</p> <p>The code awareness level is low among workers who do not participate in farmer field school sessions and do not receive information material. Farmers generally do not relay the information to their workers and family members involved in production work.</p> <p>Interviewed farmers do not fully understand the functioning of the grievance procedure that is available at both Nestlé and the cooperative level, and workers are not aware of it.</p>	<p>Nestlé reported that they will continue to use Lead Farmers (farmers trained and assessed on best practices and certification standards who can demonstrate capacity and ability to train other farmers) to promote workers' participation in farmer field school sessions. The new illustrated Nestlé CoC will be distributed to all producers and workers as part of the farmer field school sessions. In addition, the illustrated Nestlé CoC will be posted in all the sections of the cooperatives.</p> <p>Nestlé also reported that the Child Labour Agents and Community Liaison People hired as part of the Child Labor Monitoring and Remediation System (CLMRS) will continue to raise awareness with farmers, farm workers, and local communities about child labor.</p> <p>Nestlé reported that in the last quarter of 2014, they trained 57 Cooperative Group Administrators on the new CoC and on compliance requirements for certification. Moreover, 11 new Lead Farmers were recruited in Divo for sections without Lead Farmers to increase the total number of Lead Farmers to 15.</p> <p>Nestlé has integrated the grievance mechanism (toll-free number) and non-retaliation clause into the new illustrated Nestlé CoC that has been distributed since February 2015 to all farmers and farm workers. In addition to this, a specific grievance mechanism is available to farmers at the cooperative level. Nestlé will engage with the cooperative to see if and how the cooperative grievance mechanism can be extended to workers.</p>
FORCED LABOR	
<p>In the Divo district, assessors identified one case where a young worker was limited in his freedom to use his wages at his own discretion. The farmer arranged the employment relationship with the worker's parents and it was agreed that the salary would be paid to them instead of the worker. In addition, although the young worker has been</p>	<p>Nestlé reported that they immediately investigated this case and engaged with the parties to find remedial measures. As a result, a new contract was signed between the worker and the producer who committed to paying his salary at the end of the contract. The cooperative will monitor this case very closely. In addition, Nestlé reported that standard contracts were</p>

² When receiving FLA IEM reports, Nestlé develops corrective action plans in collaboration with its upstream suppliers (tier one suppliers and cooperatives) to respond to the findings and implement remediation actions.

<p>working for almost two years for the farmer, his salary for the first year was still not paid at the time of the visit.</p>	<p>developed by the cooperative and will be distributed to the farmers and workers in all the sections.</p>
<p>CHILD LABOR</p>	
<p>Although child labor awareness is increasingly visible in the cocoa growing communities, assessors identified a total of 25 child workers younger than 15 years old during farm visits: 13 in Aboisso, six in Divo, three in Guitry, and three in San Pedro region. Child workers were found on 17 of the 260 visited farms; 24 were family workers who were not attending school and one was a hired child worker. Child workers represent three percent of the total workforce met during the IEMs (including the farmers who are part of the labor force). Assessors also identified 31 young workers (between 15 and 18 years of age), representing also three percent of the total workforce. These children and young workers were involved in various farm activities such as farm clearing, harvesting, transportation and opening of cocoa pods, and transportation of cocoa beans. Some of these tasks are considered to be hazardous since they involve the use of machete and transportation of heavy load.</p> <p>There is no age verification system implemented by the farmers and no proof of age documentation was available on the farms. The children and young workers had no identification documents and several of the family workers had no birth certificates (which is a widespread issue in Ivory Coast).</p>	<p>The FLA alerted Nestlé to all child labor findings, which led to immediate actions and remediation in cooperation with the Cooperative Group Administrator and the children's families.</p> <p>Three of the four cooperatives were included in the Child Labor Monitoring and Remediation System (CLMRS) at the time of FLA IEM visits, and the fourth one was to be included by May 2015. The CLMRS includes the recruitment and training of a Child Labor Agent at the cooperative level, and Community Liaison People for each section of the cooperative to gather data and information in each community. In addition, remediation activities and community awareness sessions are organized.</p> <p>In the three cooperatives where the CLMRS has been up and running since the end of 2013, Nestlé and its partners map the producers' family and children's school attendance and monitor child labor closely. To date, 592 cases of child labor have been identified and tailor-made remediation activities have been set up. Remediation activities include awareness raising sessions, building of schools and classrooms, providing birth certificates and school kits to children, and involving farmers' wives in income generating activities.</p> <p>Regarding age verification, one of the cooperatives will set up a standard contract that can be used between producers and workers. The contract will be accompanied by a copy of the identification document of the worker and a copy of the contracts will be kept at the cooperative level.</p>
<p>HEALTH, SAFETY, AND ENVIRONMENT</p>	
<p>Assessors found a number of health and safety-related non-compliances at all visited farms, including lack of communication of the health and safety policies to the workers; lack of first-aid kits and emergency plans in some of the sections; lack of use and awareness of personal protective equipment (PPE) for conducting hazardous tasks like pesticide spraying; and improper chemical storage and disposal procedures.</p> <p>In some visited communities and camps, farmers</p>	<p>Nestlé reported that in addition to increasing awareness on CoC through training sessions on all health and safety-related issues, the cooperatives will communicate to farmers and farm workers the contact details for each section or village in the event of an emergency. In cooperation with the cooperatives, Nestlé will explore the possibility of posting in each section a short procedure to report and handle emergency issues.</p> <p>On the issue of missing safety equipment, the</p>

<p>and workers source drinking water from wells and swamps. These water sources are uncovered and the water collected undergoes no treatment prior to consumption.</p>	<p>cooperatives will distribute more first aid kits and train Lead Farmers as they are usually responsible for first aid delivery at the community level. By the end of 2016, all sections in these cooperatives will have first aid kits. Moreover, the cooperative will remind members of safety equipment procedures during community awareness training sessions and farmer field school sessions. The cooperatives are training and equipping pesticide applicators in different sections to handle pesticide application in a professional manner.</p> <p>Regarding chemical or hazardous safety issues, the Lead Farmers and Cooperative Group Administrator will continue raising farmers' awareness through trainings on the storage of chemicals or hazardous storage in dormitories. The implementation of these actions will be monitored through the supplier and cooperative.</p> <p>Where access to clean drinking water is not guaranteed, the cooperative has registered the need for the two affected sections (Pétimpé and Kofesso-Djoulabougou) on the list of its social projects and is committed to building one covered well. In the other communities, Nestlé will engage with the cooperative to see how to raise farmers', farm workers' and local community members' awareness about the importance of boiling water before drinking it.</p>
<p>COMPENSATION</p>	
<p>In most of the visited communities, farmers do not implement any mechanism to maintain proof of wage payment made to contract workers, neither verbally (with a witness) nor in writing. Nestlé and its suppliers did not provide any assistance to educate and assist the farmers in maintaining payment proofs.</p> <p>Moreover, assessors received grievances related to certification premium payments. Three farmers reported that they never received their premium for the last season. This issue was uncorroborated due to the lack of payment proof at the farmer level but highlighted a risk and a lack of control between what is done between the cooperative's delegates and the farmers.</p>	<p>Nestlé reported that their research showed that 45 percent of the farmers cannot read and write and run very small farms with infrequent use of paid labor. Thus, the lack of records is a widespread issue. However, in 2014 the cooperatives committed to raise farmers' awareness on the importance of written payment records and Nestlé will follow up with the cooperative on the progress made in this area. Nestlé will encourage the cooperative to continue awareness raising on the importance of having at least one witness when payment are made to their workers.</p> <p>Regarding premium payments, Nestlé will engage with the cooperative to verify that the premiums have been paid. If they were not paid, this will be fixed immediately and the cooperative will be reminded to respect its engagement and certification requirement. Nestlé will also verify if a payment receipt is available at the producer level and will further work with the cooperative to provide reliable proof of premium payments.</p>

2014 Actions implemented by Nestlé

Based on the 2013 assessment results, Nestlé developed corrective action plans (CAPs) to be implemented in the monitored cooperatives and throughout its NCP supply chain in Ivory Coast. While child labor was still found on 17 of the 260 farms visited in 2014, an increased awareness among farmers, cooperatives and community members was obvious. Other issues taken up in the 2013 company CAPs recur in the 2014 findings, such as lack of code and grievance procedure awareness among workers, some health and safety issues, and lack of proof of payment to farmers and workers.

The below table summarizes the 2013 findings, Nestlé's corresponding CAPs, and the actions that were actually taken in 2014 as reported by Nestlé. The FLA was able to confirm the actions listed below through document review, 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 cooperatives in the 2015 and 2016 cycles and report its findings.

SUMMARY OF 2013 IEM FINDINGS	NESTLE 2013 CAP	ACTIONS TAKEN IN 2014
CHILD LABOR AND FORCED LABOR		
Assessors found four children under the age of 15 working in the cocoa fields, as well as one case of forced labor involving a 15-year-old worker from Burkina Faso. Seven other young workers between the ages of 15 and 18 were also found working on the farms. Children perform the same work (both hazardous and non-hazardous) as adults, and work the same hours. Additionally, farmers explained during the interviews that almost all the children and young adults in their families (both immediate and extended) perform farm-related tasks like picking cocoa, transporting wet beans, and cleaning the land. Some of them do not attend school. Assessors found that the cooperatives lack an age-verification and documentation system, and lack a system to remove working children.	<p>Nestlé's Child Labor Monitoring and Remediation System (CLMRS), serving eight cooperatives in 2013, will be extended to 16 cooperatives in 2014. Under this system, in partnership with the International Cocoa Initiative (ICI), Nestlé staff in the Ivory Coast, cooperative staff, and farm owners all receive training workshops on:</p> <ul style="list-style-type: none"> • definitions of child labor; • causes and consequences of child labor; • international and national norms and legislation; • monitoring, evaluation, and control systems; and • steps for identification, prevention, and remediation of child labor. <p>In addition, the community selects Community Liaison People (CLPs) from among the cooperative members to receive training and manage child labor monitoring at the community level. The CLPs report</p>	<p>Nestlé's CLMRS was expanded to cover 22 cooperatives by the end of 2014, and 33 cooperatives by mid-2015. Nestlé will extend the program further in 2015 to cover 40 cooperatives by the end of the year.</p> <p>Nestlé reported that by June 2015, the CLMRS covered 14,075 farmers, 9,075 children between 0 and 5 years old and 31,807 children between 5 and 17 years old. The Community Liaison People had run 4,817 child labor awareness sessions, covering 68,159 community members. The CLMRS had identified 3,933 children who were classified as child workers mainly working on their family farm and involved in hazardous work (like carrying heavy loads or spraying pesticides). By mid 2015, Nestlé has provided assistance to half of the 3,933 child labor cases, and continues working on the remainder. The remediation included:</p> <ul style="list-style-type: none"> • Help providing birth certificates;

	<p>situations in which children are at risk, and organize awareness-raising activities in the communities to prevent child labor. At the cooperative level, similarly, a Cooperative Child Labor Agent (CLA) is responsible for proposing child-labor prevention and remediation efforts, and for ensuring that these activities are followed through.</p>	<ul style="list-style-type: none"> • Providing school kits; • Supporting income generating activities for women; • Setting up groups of young adults to perform farm tasks; • Completion of a three-year project to build 40 schools by the end of 2014
HEALTH, SAFETY, AND ENVIRONMENT		
<p>Assessors found a number of health-and-safety-related non-compliances at all visited farms, including lack of first-aid kits, or trained health-and-safety personnel; inability to transport workers to a hospital or clinic, in case of emergency; insufficient safety and personal protective equipment (PPE), especially for women; and improper chemical storage and disposal procedures.</p>	<p>Based on a health and safety risk analysis made at the cooperative level, CLMRS staff will be trained on developing and running a health and safety management system covering topics like safe chemical handling, use of personal protective equipment, first aid, accident procedures, and more.</p>	<p>Nestlé reported that in 2014, 14 Remediation Agents and 256 Community Liaison People were recruited and trained on child protection and health and safety issues, including chemical handling.</p> <p>CLMRS staff delivered more than 100 awareness-raising sessions on the use of pesticides in 14 new cooperatives.</p> <p>The health and safety risk analysis made at the cooperative level has been updated and 57 Cooperative Group Administrators were trained and developed action plans to better monitor health, safety and environment activities.</p> <p>Nestlé reported that by June 2015, more than 50 percent of the NCP cooperative's sections have first-aid kits and trained health and safety personnel; 90 percent of the cooperatives have emergency evacuation procedures.</p>
CODE AWARENESS, EMPLOYMENT RELATIONSHIP, AND GRIEVANCE SYSTEM		
<p>Despite farmers' familiarity with Nestlé's Code of Conduct, workers and sharecroppers have not received training on the code. Farmers have not</p>	<p>Nestlé will include grievance procedures in its existing training activities, and will extend these trainings – currently limited to farmers – to</p>	<p>Nestlé reported that by the end of 2014:</p> <ul style="list-style-type: none"> • More than 20,000 hard copies (leaflets) of the illustrated Supplier Code for cocoa had

<p>been trained on document maintenance, and the lack of any employment documentation at the cooperatives (such as labor profiles, employment contracts, hours of work, and compensation records) made verification of several code elements challenging. Among workers, assessor noted a general lack of awareness about grievance processes.</p>	<p>sharecroppers and workers. Nestlé has broadened access to its third-party-managed toll-free confidential hotline number, which is designed to help workers report grievances. This number will be displayed at each section level warehouse, and other types of grievance channels, such as suggestions boxes, and a grievance process involving the CLP, will be established at the cooperative level to ensure workers have multiple recourses.</p>	<p>been distributed to farmers and farm workers during farmer field school training sessions. The illustrated Code includes information on the confidential grievance channel available.</p> <ul style="list-style-type: none"> • A non-compliance reporting mechanism (free hotline and website) is available to anyone in the supply chain. It is operated by a third-party operator (People in Touch) providing full confidentiality to each person raising a grievance. • Each cooperative is also responsible for developing an internal grievance mechanism, as part of their 2014 action plans.
NON DISCRIMINATION AND GENDER DISPARITIES		
<p>Nestlé's illustrated code lacks a non-discrimination clause.</p> <p>In all visited cooperatives, assessors noted that almost all staff managing the internal monitoring systems are men, and only one woman was found to be sitting on any cooperative's Board of Directors. Similarly, assessors found only limited efforts to involve women as trainers or include women in training programs run by the farmer field schools or Nestlé's Child Labor Monitoring and Remediation System (CLMRS).</p>	<p>Nestlé will include a non-discrimination and non-retaliation provision in its illustrated code of conduct and distribute the new code to all Tier One suppliers and NCP farmers. Nestlé, in collaboration with its Tier One suppliers will reinforce training on the code of conduct for CLMRS staff at each cooperative who will then train lead farmers at the farmer field schools. Nestlé will actively encourage farming families and village residents, particularly women, to attend farmer field school training sessions. Nestlé has published a response to the FLA's assessment of women's roles in its Ivory Coast supply chain. Nestlé's plan includes strategies for increasing the representation and recognition of women at the cooperative level, making training sessions more accessible to women, facilitating women's access to community level dialogue and grievance platforms, and increasing women's awareness of health and safety issues and access to personal protective equipment.</p>	<p>Nestlé incorporated non-discrimination and non-retaliation in its new illustrated Code of Conduct, printed and distributed it to farmers and farm workers (as mentioned above).</p> <p>Nestlé also has published an extensive update of its women's action plan, which is available here: http://www.nestle.com/asset-library/documents/creating-shared-value/responsible-sourcing/women-cocoa-supply-chain-progress-report-jan-2015.pdf</p>