



[2014-15]

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING AGRICULTURAL REPORT

**COMPANY:** Nestlé / Olam

**COUNTRY:** Turkey

**PROVINCE:** Sakarya

**DISTRICT/VILLAGES:** Kocaali/Kirazli, Kozluk

**MONITOR:** Asya Control

**AUDIT DATE:** 18-22 August 2014

**PRODUCTS:** Hazelnut

**NUMBER OF GROWERS/WORKERS:** 20/144

**NUMBER OF GROWERS/WORKERS INTERVIEWED:** 20/144

**NUMBER OF FARMS VISITED:** 21

**TOTAL AREA COVERED IN AUDIT:** 271 acres

**PROCESSES:** Harvesting

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**Code Awareness:**

GEN 1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company Growers as well as to Seed Organizers.

**Noncompliance**

**Explanation:** The Company has established its own policies, procedures, and Supplier Code covering all fundamental workplace standards. However, the Company has conveyed these standards to farmers and supply chain intermediaries in a limited manner, which has not proved to be fully effective. Introductory training was organized for farmers earlier in the year, and handbooks were distributed to explain the code elements. However, farmers could not recall many details of the training, except for of child labor, health & safety, and good farming practices. The Supplier Code has not been conveyed to labor contractors, who have no awareness of labor standards.

Source: Interviews with workers, farmers, Company representatives and labor contractors; Observation; Records Review

**Plan Of Action:** A training session on supplier code will be organized for labor contractors and farmers prior to, and during, the harvest in Kozluk and Kirazli. The training will cover Olam and Nestlé supplier codes' elements such as compensation, child labor, hours of work, health & safety, and discrimination & abuse.

**Deadline Date:** August 2015

**Code Awareness:**

GEN 2 Ensure that all Company growers as well as Seed Organizers inform their workers about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by workers) and undertake other efforts to educate workers about the standards on a regular basis.

**Noncompliance**

**Explanation:** The Company, farmers and intermediary traders did not orally inform workers of the workplace standards. There are informative posters visible in some of the villages. While all workers seem to have basic Turkish reading skills, most of them are Kurdish migrant workers. The documents are not available in Kurdish.

The overall awareness of the Supplier Code among the workers is very low.

Source: Interviews with workers, farmers, intermediary trader, Company representatives; Observations from farm and villages tour; Records review

**Plan Of Action:** Olam will build up two local observation team composed of two people from the residents of Kozluk and Kirazli village as a pilot activity. The team will be responsible for observing working conditions, particularly on child labor, communicating the supplier code, and reporting to the sustainability team of Olam. The team will receive training on child labor and labor conditions monitoring, and discuss issues with the companies on a weekly basis. For the cases where noncompliances are found, including child labor, solutions will be discussed with farmers and workers group on a case-by-case basis. Nestlé illustrated Code of Conduct posters will be distributed to farmers in order to be posted in farms during refreshment trainings in order to communicate supplier code without language barriers. However, it is important to underline that the majority of the farms do not have convenient places to post or hang posters, due to weather and topographic conditions.

**Deadline Date:** August 2015

**Code Awareness:**

GEN 3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees, Supervisors and employees of Seed organizers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

**Noncompliance**

**Explanation:** A toll free hotline has been newly established for raising grievances directly to Olam (tier 1 supplier). However, it is not functioning properly. The workers have not been sufficiently informed about this line, how to use it, and what measures are taken for ensuring confidentiality and against punishment or prejudice.

Additionally, the line needs some further tuning so that workers can reach the officer 24/7 and leave their message within a short period of time without too much waiting.

Source: Interviews with workers, farmers, intermediary trader, Company representatives; Observations from farm and villages tour; Records review

**Plan Of Action:** The toll-free number was recently created and communicated to farmers and workers through posters hung in village coffee houses and some of the orchards. Neither Nestlé nor Olam has direct contract with farmers; moreover workers are very mobile through the harvest season, which makes it very difficult to intervene and follow up when there is a complaint. Due to the fact that Nestlé/Olam supplier codes are in line with Turkish Labor Law and local commission decisions for seasonal workers' conditions, the local commissions will be encouraged to use the hotline, and act collectively in case there is a complaint. Meetings with commission members will be organized prior to harvest, and a procedure will be created to follow-up on complaints.

A poster on the use and scope of the toll- free number will be prepared and hung in villages, workers settlement areas, and mosques. The hotline will be communicated to head of villages (muhtar) in order to be transmitted to farmers and workers.

**Deadline Date:** August 2015

## Forced Labor: Employment Terms/Prohibitions

F.4 There can be no employment terms (including in written or verbal contracts or any other instruments or in any formal or informal recruitment arrangements) which specify that workers can be confined or be subjected to restrictions on freedom of movement; allow growers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or, in any way punish workers for terminating employment.

### Noncompliance

<b>Explanation:</b>	<p>There are verbal agreements between the farmers and labor contractors, and between the labor contractors and workers. The agreed employment terms allow farmers and labor contractors to hold the workers' earned daily wages until completion of the harvest on all farms. This practice limits the freedom of workers to directly dispose of their wages.</p> <p><u>Source:</u> Interviews with workers, farmers, intermediary trader, Company representatives and labor contractors; Records review</p>
<b>Plan Of Action:</b>	<p>Farmers will be provided seasonal workers contract framework with farmers field notebook, which they could settle together with workers on daily wage, working hours, and mode of payment.</p>
<b>Deadline Date:</b>	<p>August 2015</p>

## Child Labor: Child Labor

CL.2 Growers shall not employ children younger than 15 (or 14 where the law of the country of production allows) or younger than the age for completing compulsory education in the country of production where such age is higher than 15.

### Noncompliance

<b>Explanation:</b>	<p>Labor contractors are recruiting families along with children younger than 15 years old to work on the farms during harvesting time.</p> <p>Eleven child workers were identified during the IEM visits. They were collecting hazelnuts from the ground and filling buckets. Children are brought to the farms by the labor contractors and their families in order to earn more money for the family.</p> <p><u>Source:</u> Interviews with workers, farmers, intermediary trader, Company representatives and labor contractors; Observations from farm tour</p>
<b>Plan Of Action:</b>	<p>The farm where the child labor was found will be contacted directly, informed about child labor issue, and root causes will be discussed. All farmers who are in the Olam sustainability program (entitled as Profindik) will receive a Memorandum of Understanding where they will give their consent to no use of child labor. Intermediaries will receive and collect the workers' information in the farmers' field notebook during delivery of the goods (when they receive the hazelnuts from farmers at the end of the harvest).</p> <p>Farmers will be re-educated on child labor during refreshment training. The distribution of posters will continue during the 2015 harvest.</p> <p>Olam will build up a local observation team composed of two people from the residents of Kirazli and Kozluk villages as a pilot activity. The team will be responsible for observing working conditions, particularly on child labor. The team will receive training on child labor and labor conditions monitoring, and discuss with the companies on a weekly basis. For the cases where non-compliances were found, including child labor, solutions will be discussed with farmers and workers group on a case-by-case basis. Each year, local commissions that are set up with public authority and CSO representatives decide on the working condition for harvest workers such as minimum wage, monetary penalties for uses of child labor, and working hours. However, farmers' knowledge is limited on these decisions, except the minimum daily wage. In cooperation with the local commission, posters will be prepared on the decisions of the commissions and will be posted in the villages.</p> <p>In the 2014 harvest, game sessions were organized for children in villages with cooperation of NGOs. Safe play areas in old school buildings will be created to direct children in one of the monitored village, as pilot project.</p>
<b>Deadline Date:</b>	September 2015

### **Child Labor: Proof of Age Documentation**

CL.3 Company will assist the grower in maintaining proof of age documentation for all young workers in the farm and is recommended to maintain proof of age documentation for all workers in the farm, including long term and casual workers.

#### **Noncompliance**

<b>Explanation:</b>	<p>There is no age verification system implemented by the labor contractors and farmers, and no proof of age documentation available on the farms.</p> <p><u>Source:</u> Interviews with workers, farmers, intermediary trader, Company representatives and labor contractors; Observations from farm tour</p>
<b>Plan Of Action:</b>	<p>At the majority of the farms, farmers have limited documentation not only on labor conditions, but on productions processes as well. The farmers' field notebook was prepared to change this attitude and make documentation keeping easier. The use of the farmers' field notebook will be promoted through incentives.</p> <p>The registration framework for workers is found in the notebook, which could be used as age verification system. During refreshment training, farmers will be re-educated on the use of this form.</p>
<b>Deadline Date:</b>	August 2015

## Child Labor: Government Permits and Parental Consent Documentation

CL.5 Growers shall abide by all the relevant rules and procedures where the law requires government permits or permission from parents as a condition of employment.

### Noncompliance

**Explanation:** According to the Turkish labor law, children 15 years old or older (up to 18) can work in certain jobs, provided the employers obtain a consent letter from their families. However, no consent letters could be found during the farm visits, despite the presence of 46 young workers. There is no awareness of this requirement. Even though there is a tacit consent from families who are working together with their children, the consent letters should be systematically collected by the labor contractors and farmers.

Source: Interviews with workers, farmers, intermediary trader, Company representatives and labor contractors; Observations from farm tour; Records review

**Plan Of Action:** Farmers will be educated on of the working conditions requirements for young workers during refreshment trainings.

A consent letter framework will be provided to farmers with the farmers' field notebook.

Farmers will be re-ecuated on child labor during refreshment training. The distribution of posters will continue during the 2015 harvest.

Olam will build a local observation team composed of two people from the residents of Kirazli and Kozluk villages as a pilot activity. The team will be responsible of observing working conditions, particularly on child labor. The team will receive training on child labor and labor conditions monitoring, and discuss observations with companies on weekly basis. For the cases where non-compliances are found including child labor, solutions will be discussed with farmers and workers group on a case-by-case basis.

**Deadline Date:** August 2015

## Child Labor: Employment of Young Workers

CL.6 Growers shall comply with all relevant laws and regulations that apply to young workers, i.e., those between the minimum working age and the age of 18, including those relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.

### Noncompliance

**Explanation:** During the farm visits, 46 young workers were observed working weekly excessive overtime - more than 60 hours in a week. They were observed working the same hours and under the same conditions as their adult family members. They were not provided any special conditions, as legally required for young workers (e.g. hours of work shall not exceed 8 hours a day and 40 hours a week).

Source: farmer and young worker interviews; Observations from farm tour

**Plan Of Action:** Local commissions decide on the working conditions of seasonal agriculture workers. In case they do not define the precise conditions for young workers, this issue will be shared with commission members and included into decisions.

Olam will build a local observation team composed of two people from the residents of Kirazli and Kozluk villages as a pilot activity. The team will be responsible of observing working conditions, particularly on child labor. The team will receive training on child labor and labor conditions monitoring, and discuss observations with companies on weekly basis. For the cases where non-compliances are found including child labor, solutions will be discussed with farmers and workers group on a case-by-case basis.

Each year, local commissions that are set up with public authority and CSO representatives decide the working condition of harvest workers such as minimum wage, monetary penalty for uses of child labor, and working hours. However, farmers' knowledge is limited on these decisions, except the minimum daily wage. In cooperation with the local commission, posters will be prepared on the decisions of the commissions and will be posted in the villages.

Farmers will be informed of the working conditions requirements of young workers during refreshment training.

**Deadline Date:** August 2015

## Child Labor: Hazardous Work for Young Workers

CL.7 No person under the age of 18 shall undertake hazardous work, i.e., work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of persons under the age of 18. Young workers between the ages of 15 to 18 years will not be involved in strenuous and hazardous work. Such work includes the application of agro chemicals, pesticides, and fertilizers, use of farm equipment tools and machinery, lifting or moving of heavy materials or goods, or carrying out hazardous tasks such as underground or underwater or at dangerous heights, or any other activity which may cause harm or would affect the well being of the young worker.

### Noncompliance

**Explanation:** All young workers do the same work as adult workers. They work the same hours and perform all of the same hazardous and strenuous tasks. Some of them were observed carrying heavy bags of hazelnuts (40/70kg).

Source: Farm walkthrough and observations

**Plan Of Action:** Local commissions decide on the working conditions of seasonal agriculture workers. In case they do not define the precise conditions for young workers, this issue will be shared with commission members and included into decisions.

Olam will build a local observation team composed of two people from the residents of Kirazli and Kozluk villages as a pilot activity. The team will be responsible of observing working conditions, particularly on child labor. The team will receive training on child labor and labor conditions monitoring, and discuss observations with companies on weekly basis. For the cases where non-compliances are found including child labor, solutions will be discussed with farmers and workers group on a case-by-case basis.

Each year, local commissions that are set up with public authority and CSO representatives decide the working condition of harvest workers such as minimum wage, monetary penalty for uses of child labor, and working hours. However, farmers' knowledge is limited on these decisions, except the minimum daily wage. In cooperation with the local commission, posters will be prepared on the decisions of the commissions and will be posted in the villages.

Farmers will be informed of the working conditions requirements of young workers during refreshment training.

**Deadline Date:** August 2015

## Child Labor: Removal and Rehabilitation of Child Laborers

CL.10 If a child laborer is found working on the farms, the grower and the company shall ensure that the child is immediately removed from the farm and is rehabilitated and brought into the mainstream school system. The grower and company will make efforts to make this rehabilitation sustainable.

### Noncompliance

**Explanation:** The Company and its partners currently do not have a system in place that undertakes removal of children from the farms.

Source: Farm walkthrough; Interviews with farmers, trader and Company representatives

**Plan Of Action:** Olam/Nestlé have a procedure in place for removal of child labor. However, since both companies do not have direct link with farmers, it is difficult to intervene in cases of non-compliance. In case child labor is detected during internal monitoring visit, general routine visits, or through the grievance line, the regional responsible person first verifies the age of the children, then informs the farmer, the labor contractor, and the family of the legal consequences. Children are removed from the field and put into accommodation areas if parties agree. If not, the farmer will be placed into an “action list” where Olam works on solutions with farmers and their intermediaries on a case-by-case basis. Neither Olam nor Nestlé have a direct buying structure for hazelnuts, therefore, it is not possible to segregate their product and imply sanctions. Secondly, hazelnut harvest takes place in summer when schools are closed. If the family is staying in the camp area, children are directed to the camp area where activities are organized. If they are staying in the farmers’ house, placement and rehabilitation of the children is more challenging. Therefore the local commission will be involved into the removal procedure. Due to the fact that Nestlé/Olam supplier codes are in line with Turkish Labor Law and local commissions decisions for migrant workers’ working conditions, the local commission will be encouraged to use the hotline, and act collectively in case there is a complaint or issue found during monitoring visits.

The toll-free number was recently created and communicated to farmers and workers through posters hang in village coffee houses and some of the orchards. The hotline will be communicated to the head of villages (muhtar) in order to be transmitted to farmers and workers. Meetings with commission members will be organized prior to harvest and a procedure will be created to follow-up on complaints. Olam and Nestlé will work collaboratively with commission to work on complaints and issues on a case-by-case basis.

**Deadline Date:** August 2015

### Harassment or Abuse: Discipline/Worker Awareness

H&A.3 Grower will follow disciplinary practices that are fair and are clearly understood by the workers. The grower will take necessary steps to ensure that the farm's disciplinary procedure is clearly understood by the workers.

#### Noncompliance

**Explanation:** There are no disciplinary procedures available at the farm level. Farmers and workers are not trained on fair disciplinary procedures and practices.

Source: Farmer and worker interviews; Observation; Record review

**Plan Of Action:** A simplified form of the disciplinary procedure will be provided in the farmers' field notebook as an example for the farmers. Olam will inform farmers on importance of disciplinary procedures during refreshment training that it will provide.

Nestlé illustrated Code of Conduct posters will be distributed to farmers in order to be posted in farms during refreshment training (it is also cover fair disciplinary processes), however, it is important to underline that majority of the farms do not have convenient places to post or hang up posters considering the weather and topographic conditions.

**Deadline Date:** August 2015

## Harassment or Abuse: Grievance Procedure

H&A.12 Company shall have in place grievance procedures that allow first an attempt to settle grievances directly between the worker and the grower but, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Company shall ensure that workers know the grievance procedures and applicable rules.

### Noncompliance

**Explanation:** The Company has not established a grievance procedure that allows an attempt to settle any grievance directly between workers and farmers. There is a newly created toll free number to raise grievances directly with the Company. However, not all farmers are aware of it, and it has not been communicated to the workers. There is no procedure for the grievance system and the recording of complaints.

Source: Interviews with IMS, Company's agronomists, workers and farmers; Records Review; Observations from farm tours

**Plan Of Action:** The toll-free number was recently created and communicated to farmers and workers through posters hang in village coffee houses and some of the orchards. Neither Nestlé nor Olam has direct contract with farmers, moreover, workers are very mobile throughout harvest season, which makes it very difficult to intervene and follow up in case there is a complaint. Due to the fact that the supplier code elements of the both companies are in line with Turkish Labor Law and the local commissions decisions for migrant workers working conditions, the local commission will be encouraged to use hotline, and act collectively in case there is a complaint. Meetings with the commission members will be organized prior to harvest, and a procedure will be created to follow-up on complaints.

A poster on the use and scope of the toll- free number will be prepared and hung in villages, workers settlement areas and mosques.

The hotline will be communicated to head of villages (muhtar) in order to be transmitted to farmers and workers.

**Deadline Date:** August 2015

## Non-Discrimination: General Compliance

D.1 Growers shall comply with all local laws, regulations, and procedures concerning non-discrimination.

### Noncompliance

**Explanation:** Migrant workers are subject to discrimination regarding wages and hours of work. They are paid the daily minimum wage (TRY 38 to TRY 40) while local workers are paid above it (TRY 45 to TRY 60) to do the same work. Farmers pay them less, stating that they do not perform as well as local workers and that they are provided with accommodation.

In addition to this, migrant workers are asked to work longer hours than local workers. Local workers leave the hazelnut gardens at 18:00, while migrant workers work until 19:00.

Source: Interviews with workers, farmers, intermediary traders, external information sources and Company representatives

**Plan Of Action:** The local commissions set the minimum wage before the harvest. Each farmer contacts the labor contractors and decides on the daily wage through a bargaining process. The wages could be higher than the minimum wage depending on the location of the orchard, number of farmers or side benefits, such as providing accommodation. In this regard, it is hard to assess if it is a systematic discrimination against migrant workers. Olam will communicate this issue to the local commission and provide farmers training on the supplier code, which also includes a discrimination clause.

**Deadline Date:** August 2015

## Health and Safety: General Compliance Health and Safety

H&S.1 Growers shall comply with all local laws, regulations, and procedures concerning health and safety. In any case where local laws and the Workplace Code of Conduct are contradictory, the higher standards will apply. The grower will possess all legally required permits.

### Noncompliance

**Explanation:** The Company, farmers, and labor contractors did not adopt responsible measures to mitigate the risks related to transportation to prevent accidents or injuries. Workers are carried on tractors between their settlements and the fields. Tractors go on very steep roads and sometimes workers have to sit on top of tractors fully loaded with nuts.

Source: Interviews with workers, farmers, intermediary traders, external information sources and Company representatives; Observations from farm tours

**Plan Of Action:** Health and safety specialists in Kozluk and Kirazli villages will provide health & safety training for farmers and workers.

Health & Safety boards will be prepared and posted in visible places in the villages. Due to topography of the farms, it is not possible or feasible to place information boards in each orchard.

**Deadline Date:** August 2015

## Health and Safety: Document Maintenance/Worker Accessibility and Awareness

H&S.2 All documents required to be available to workers and growers by applicable laws (such as health and safety policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language(s) spoken by the workers if different from the local language. If the workers are illiterate, the company shall make an effort to provide pictorials that the workers can easily understand.

### Noncompliance

**Explanation:** There are no health and safety documents or information boards available at farm level. There are some health and safety initiatives taken, like distribution of PPE, but no documentation or procedures are available. Consequently, workers are not consistently using PPE, as they are not fully aware of their importance and utility.

Source: Interviews with IMS, Company staff, workers and farmers; Record Review; Observations from farm tours

**Plan Of Action:** Health and safety specialist in Kozluk and Kirazli villages will provide health & safety training for farmers and workers. Farmers will be asked to provide a short briefing to the workers at the beginning of each workday.

Health & Safety boards will be prepared and posted in visible places in the villages. Due to topography of the farms, it is not possible or feasible to place information boards in each orchard.

**Deadline Date:** September 2015

## Health and Safety: Access to Safety Equipment and First Aid

H&S.6 Company should ensure that growers and workers have access to safety equipment and first aid.

### Noncompliance

**Explanation:** Although first aid kits were provided to farmers by the Company during the recent training, most of these kits are kept at the farmers' house (2-3 km away from the farms), which undermines the effectiveness of this action.

Source: Farm walkthrough and farmer interviews

**Plan Of Action:** Farmers and workers have a limited knowledge of first aid. The majority of the workers prefer to call the hospitals in case of emergency. In the scope of another project, first aid kits were distributed to workers and labor contractors; however, it was observed that they preferred to keep it in the camp settlement areas or in a car. Therefore, during health and safety trainings, workers and farmers will be informed/reminded that the first aid kits need to be kept on the farm and will be informed about systematic approaches, such as appointing someone to check first aid kits. In each village, volunteer first aid training will be organized for farmers, and first aid kits and PPEs will be distributed at the end of training session. An emergency action plan, which includes first aid situations, is included in the farmers' notebook.

**Deadline Date:** September 2015

## Health and Safety: Living Quarters

H&S.15 In case the workers reside on the farms, the growers will ensure that living quarters are adequate, safe and do not pose any risk to the workers or their families.

### Noncompliance

**Explanation:** Not all of the living quarters are adequate, comfortable and safe. Farmers offer their discarded houses/rooms to accommodate the migrant workers. In some cases, these houses are semi-finished and are missing windows or doors. This is problematic, especially when there is heavy rain.

Source: Interviews with IMS, Company staff, workers and farmers; Record Review; Observations from farm tours

**Plan Of Action:** The local commissions will be informed about this issue, and asked take appropriate actions through their decisions. Farmers will be informed on necessary living conditions during refreshment training.

**Deadline Date:** August 2015

## Hours of Work: General Compliance

HOW.1 Growers shall comply with all local laws, regulations, and procedures concerning hours of work, public holidays, and leave.

### Noncompliance

**Explanation:** There are excessive daily and weekly working hours. Local workers work 9.5 hrs/day and migrant workers 10.5 hrs/day and they work seven consecutive days a week without any rest day. These 66.5 / 73.5 hours/week are considered as normal working hours without any overtime payment.

Source: Interviews with workers, farmers, intermediary trader, labor contractors and Company representatives

**Plan Of Action:** Harvest workers are considered, as seasonal workers and unfortunately Turkish Labor Law do not apply in areas of hours of work and overtime. The local commissions set the daily wage and working hours of the seasonal workers. Each city might have different decisions; however, it was observed that the daily working hours is limited to 8-10 hours in most of the decisions, while they do not mention rest days or weekly working hours. The wages are determined on a daily basis by dividing the legal monthly minimum wage into 30 days. The commission will be informed about the abuse of the working hours and rest days, and encouraged to include a weekly working hours limit in line with Turkish Labor Law.

Olam will build a local observation team composed of two people from the residents of Kirazli and Kozluk villages as a pilot activity. The team will be responsible of observing working conditions, particularly on child labor. The team will receive training on child labor and labor conditions monitoring, and discuss observations with companies on weekly basis. For the cases where non-compliances are found including child labor, solutions will be discussed with farmers and workers group on a case-by-case basis.

Each year, local commissions that are set up with public authority and CSO representatives decide the working condition of harvest workers such as minimum wage, monetary penalty for uses of child labor, and working hours. However, farmers' knowledge is limited on these decisions, except the minimum daily wage. In cooperation with the local commission, posters will be prepared on the decisions of the commissions and will be posted in the villages.

**Deadline Date:** August 2015

## Wages, Benefits and Overtime Compensation: General Compliance

WBOT.1 Growers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Workplace Code of Conduct are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, growers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation.

### Noncompliance

**Explanation:** The workers are not compensated for overtime work. When working more than 45 hours a week workers should be paid for overtime at the legal applicable premium rate.

Source: Interviews with workers, farmers, intermediary trader, labor contractors and Company representatives

**Plan Of Action:** Olam will build a local observation team composed of two people from the residents of Kirazli and Kozluk villages as a pilot activity. The team will be responsible of observing working conditions, particularly on child labor. The team will receive training on child labor and labor conditions monitoring, and discuss observations with companies on weekly basis. For the cases where non-compliances are found including child labor, solutions will be discussed with farmers and workers group on a case-by-case basis.

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**Deadline Date:** August 2015

## **Wages, Benefits and Overtime Compensation: Minimum Wage**

WBOT.2 Growers shall pay workers, the legal minimum wage or the prevailing regional wage, whichever is higher.

### **Noncompliance**

**Explanation:** Migrant workers do not receive the legal minimum wage after the deduction of the 10% commission by the labor contractors. The Directorate of Agriculture of Kocaeli has announced TRY 37.80 as the minimum daily wage for seasonal agricultural workers. Migrant workers are paid TRY 38 to TRY 40 and local workers are paid TRY 45 to TRY 60. The labor contractors are deducting a 10% commission from the workers' daily wage. Migrant workers are therefore not getting the legal minimum wage. Additionally, some farmers cover workers' transportation costs but some others request that workers pay for it.

Source: Interviews with workers, farmers, labor contractors and Company representatives;  
Records review

**Plan Of Action:** The local commission decides on the mode of the payment. This issue will be shared with commission in order to avoid any situations of abuse. The common practice is that farmers make the payment on the last day of workers in the orchard. The commission will ask to change the decision according to real practice. Farmers will be provided seasonal workers' contract framework with the farmers field notebook, which they could settle together with workers on daily wage, working hours, and mode of payment.

Each year, local commissions that are set up with public authority and CSO representatives decide the working condition of harvest workers such as minimum wage, monetary penalty for uses of child labor, and working hours. However, farmers' knowledge is limited on these decisions, except the minimum daily wage. In cooperation with the local commission, posters will be prepared on the decisions of the commissions and will be posted in the villages.

**Deadline Date:** August 2015

### **Wages, Benefits and Overtime Compensation: Timely Payment of Wages**

WBOT.3 All wages, including overtime compensation shall be paid within legally-defined time limits. When law does not define time limits, compensation shall be paid at least once a month or as agreed between the worker and the grower.

#### **Noncompliance**

**Explanation:** According to the Chamber of Agriculture, workers should be paid on a daily basis. However, workers are paid only after the harvesting season. They receive their wages only when harvesting is over in every field (all farmers in the region) before going back home.

Source: Interviews with workers, farmers, labor contractors, intermediary trader and Company representatives; Records review

**Plan Of Action:** The local commission recommends the time of the payment. The chamber of agriculture is not the authority to decide on the payment mode even though it is part of the local commission. Secondly, according to the commission, workers are paid at the completion of the work in each farm. According to Olam's internal monitoring results, the issue was raised; however, workers stated that they prefer to receive payment at the end in order to not to carry cash with them all the time, and they are not effectively using bank accounts. Olam and Nestlé acknowledge that the issue could be a risk for payments; therefore as an action, a contract framework (which includes hours and payment terms) will be distributed to farmers and workers in order to avoid any abuse.

**Deadline Date:** August 2015

## Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.6 Grower/Organizer/Company will make an effort to educate workers so that the terms of employment, wages, benefits and deductions shall be clearly understood and acceptable by the worker.

### Noncompliance

**Explanation:** Workers are not informed about the legal minimum wage. They are also not aware of overtime payment and conditions prior to undertaking overtime.

Source: Interviews with workers, farmers, intermediary trader, labor contractors and Company representatives

**Plan Of Action:** In the Turkish agriculture sector, wages are determined on a daily basis. According to the local commissions, working hours are limited to eight hours. However in practice, depending on the weather or other circumstances, workers could work more or less. For the cases of overtime, local commissions will be informed about the issue, and encouraged to add the information into the decision list. However, it would be difficult to implement because, at the farm level, it is hard to track working hours and make payment based on the hours worked. The workers will be informed of the working hours limit and minimum wage through posters and training.

**Deadline Date:** August 2015

## Miscellaneous

### Social Security Registration

#### Noncompliance

**Explanation:** Workers' are not registered with Social Security (SS) registration, however, agricultural workers should not be exempted from it. As per the annex 5 of Act No 5510, when farmers employ seasonal agriculture workers every year on a regular basis, they should not be considered as temporary workers and be registered to SS.

Source: Interviews with workers, Company staff, farmers and external information source; Records Review

**Plan Of Action:** As per annex 4 Act. No 5510 on Social Security, seasonal agriculture workers are included in to social security scheme; however, they determine the amount of social premium according to their monthly earnings. For this reason, daily wages of the harvest workers are calculated according to monthly minimum gross wage. However, most of the workers are not aware of the benefits of the social security system, an information session on social security premiums and benefits for workers will be organized in Kozluk and Kirazli villages with the representative of IS-KUR (Employee and Employer Agency) during harvest.

**Deadline Date:** September 2015