



[2015]

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING AGRICULTURAL REPORT

COMPANY: Nestlé/Olam
COUNTRY: Turkey
PROVINCE: Ordu
MONITOR: Asya Control
AUDIT DATE: 17-22 August 2015
PRODUCTS: Hazelnut
NUMBER OF WORKERS: 447
NUMBER OF WORKERS INTERVIEWED: 151
NUMBER OF FARMS VISITED: 30
TOTAL AREA COVERED IN AUDIT: 235.4 ha
PROCESSES: Harvesting

General comment: For hazelnut sourcing in Turkey, Nestlé works with two strategic suppliers, Olam Progida being one of them. Both Nestlé and Olam are affiliated with the FLA and have respective monitoring and remediation programs. In Turkey, both companies closely collaborate to implement monitoring and remediation activities with Olam having a more direct implementation role at field level.

This assessment was conducted in a portion of Olam's supply chain that is supplying to Nestlé. Both companies consider remediation action as a collective plan in which Nestlé and Olam act together according to their capacities and presence on the ground. Therefore, all the actions described below will be implemented by either Nestlé or Olam with the objective to remedy the non-compliances identified and, ultimately, to improve the situation on the ground over the long-term.

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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

Explanation: Olam with Nestlé' support, has organized awareness raising activities in the visited villages. Farmers were trained specifically on child labor issues, which led to increased child labor awareness among farmers and workers.

However, ten child workers between 11 and 14 years old were detected during the visit of the 30 orchards. Seven children were family members of farmers and three were children of local hired workers. These children were collecting hazelnuts from the ground and filling the buckets or bags together with their families. The local workers' children were working under the same conditions as adult workers and paid against the daily wage.

Source: Interviews with workers, growers and observation from orchard visits

Plan Of Action:

- Olam will continue to provide social practices trainings for farmers before the harvest. Social practices trainings cover the issues of child labor, young workers, Hours of Work, wages, Health & Safety, discrimination and abuse. These issues are explained using local and international legal standards. The content is very similar with workers trainings sessions. During 2014 and 2015, we have reached approximately 2,600 farmers through trainings and nearly 10.000 farms are traced in the supply chain. The plan is to progressively train each year a higher number of farmers.
- Olam has an internal monitoring system in place to detect child labor in the farms. The internal monitoring activities and remediation will continue in 2016 harvest. A total of 104 farms were visited in 2015 and in the farms where child labor was detected rehabilitation procedure was put in place.
- Olam has organized 15 workers training sessions (social practices trainings) in the Eastern and Western Black Sea Region. 716 workers joined the trainings. 6 trainings were organized in Ordu and 9 trainings were organized in Sakarya-Düzce during the harvest season. The majority of the participants were seasonal migrant workers. The coverage of the trainings will be expanded to local workforce and number of trainings will be increased in 2016 season. The target of the program is to reach as many workers as it is possible in each harvest season.
- According to our root cause analysis, the local workers are coming mainly from Aybastı center. Olam's sustainability team will get in contact with civil society organizations (that will be selected according to the capability and availability) to organize trainings for awareness raising on child labor and child labor effects on child' health. The training content will be developed by selected civil society organizations CSOs and will have two different modules namely for women workers/women farmers and local authority representatives, such as head of villages, representatives from local government district (kaymakamlık) and municipality representatives. The aim of the trainings is to raise awareness on this issue and promote local actors to take action on this collective problem. Women are particularly selected as a target group due to their active role in region and willingness to take action for the well being of children. The number of trainings will be decided with CSO with Aybastı and at least nearby two villages being covered by the training program.

Deadline Date:

October 2016

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

Explanation: Olam has distributed handbooks to farmers, providing guidance and practical tools on how to verify and keep workers' age records. However, awareness of this process is still low and none of the interviewed farmers do use it. Neither labor contractors nor farmers apply any strict age verification of workers hired for hazelnut harvesting. They do not take the necessary precautions to ensure that all workers are above the minimum legal age, which still leads to child labor incidences on the orchards.

Source: Interviews with workers, growers, intermediaries (*manavs*), company staff; observation from orchard visits; record review

Plan Of Action:

- During our internal monitoring visits, it was observed that mainly labor contractors are keeping the records for workers or workers are keeping records for themselves. The records are limited to the name of the workers and working days. Farmers prefer to keep general records on the total number of workers and total number of days worked at the farm. Therefore, a handbook will also be provided to labor contractors for keeping records of their workers and their age information. Social practices trainings will also continue in the region before harvest.
- A civil society organization CSO will be contracted to organize trainings for labor contractors on working conditions, legal requirements and age verification prior to harvest. Olam's Sustainability team will act together with selected CSO to reach out labor contractors in the monitored region. In order to create new customers for labor contractors and direct farmers to the trained labor contractors, labor contractors who have participated to the trainings will be presented to our farmers through our farmers group social media account (currently 635 members) and will be given their contact details. Currently social media group account is used for announcements for activities and trainings.
- The local labor law does not cover the agriculture work for workplaces employing less than 50 workers. Hence, a local commission is composed each year to decide on the working hours, monetary penalties for usage of child labor and other workplace related rules. However, these rules were not very well communicated to the villages and the majority of the farmers and workers do not know the commissions' decision. In 2015 harvest due to lack of communication, Olam's sustainability team could not manage to join the commissions' meetings. These decisions are highly important for harvest workers because they are setting the legal standards. For this reason in 2015 some of the commission members were invited to the stakeholder meeting for discussing remediation actions and informed about the planned actions. During the meeting, they have provided their consent to cooperate on communicating their decisions. Olam's sustainability team will contact the commission member institutions to facilitate the communication of decisions through banners and posters prior to harvest.

Deadline Date:

October 2016

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: 38 young workers (between 16 and 18 years old) were observed working on hazelnut harvesting in the 30 visited farms. They were observed working the same hours as adult workers, i.e. 9.5 hours per day, leading to 57 hours or 66.5 hours a week if they work 6 or 7 days respectively. This violates the requirements of the local law for young workers, which states they should not work more than 8 hours per day and 40 hours per week in total.

Source: Interviews with workers, growers and observation from orchard visits

Plan Of Action:

- During the audit, majority of the farms employed local workers. Most of the workers live in the region with young workers also studying in the region. In order to empower young workers, a training module will cover their rights as workers and basic Health & Safety measures will be prepared in collaboration with a specialized civil society organization CSO. These trainings will be organized in several high schools (if they will be allowed by Ministry of Education).
- Olam will continue to provide social practices trainings to farmers before the harvest. Social practices trainings covers the issues on child labor, young workers, hours of work, wages, health and safety, discrimination and abuse. These issues are explained with local and international legal standards. The content is very similar with workers trainings sessions.
- During our internal monitoring visits, it was observed that mainly labor contractors are keeping the records for workers or workers are keeping for themselves. Farmers preferred to keep general records on total number of workers and total number of days worked at the farm. Therefore, a handbook will also be provided to labor contractors for keeping records of their workers and their age information. A civil society organization will be contracted to organize trainings for labor contractors on working conditions, legal requirements and age verification prior to harvest. Olam's Sustainability team will act together with selected CSO to reach out labor contractors in the monitored region. In order to create new customers for labor contractors and direct farmers to the trained labor contractors, labor contractors who have participated to the trainings will be presented to our farmers through our farmers group social media account (currently 635 members) and will be given their contact details. Currently social media group account is used for announcements for activities and trainings.
- Olam's Sustainability team will reach out the local commission members and inform them on the legal gap for young workers, wages and hours and work. The team will advise the commission members to include legal requirements for these points.

Deadline Date:

October 2016

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 farm level. The farmers and workers are not trained on fair disciplinary procedures and practices.

Moreover, awareness of the existing grievance line is low among the interviewed workers.

Source: Grower and worker interviews

**Plan Of
Action:**

- There will be more posters and announcements on the grievance channel and the toll-free number will also be emphasized during social practices trainings for workers. 716 workers participated in the mobile trainings in 2015. Social practices trainings were also organized in camp area where approximately 400 workers joined. The plan is to progressively cover more villages and workers each year.
- Basic disciplinary rules at the farm level are provided in the social practices trainings and videos (e.g. non-discrimination, equal treatment, pre-cautionary measures for abuse and violence). However, each farm has its own settings and rules; therefore it would not be possible to provide a frame for each farm on this regard. Instead, the necessity of disciplinary systems and procedures will be emphasized during social practices trainings.

**Deadline
Date:**

October 2016

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: Workers are carried to and from orchards on busses on the main roads. However when going off road, mainly tractors are used. The tractors are not equipped vehicles that meet the safety standards, especially when loaded with other materials and products, and when passing steep hills.

Source: Interviews with workers, growers, intermediaries (*manavs*) and company staff; external information sources; observation from orchard visits

Plan Of Action:

- Transport safety will be added into the training module for labor contractors, farmers and into the video for social labor standards. Farmers and workers training will continue in 2016 harvest on health and safety and other workplace rules.
- The companies (Nestlé/Olam) will contact the local commissions and ask to add clauses on transport safety to their decision circulars. This information will be communicated in the villages through banners.

Deadline Date: October 2016

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:

Workers are working in the orchards from 7am to 6pm with 1.5 hours break, leading to a total of 9.5 hours per day, excluding transportation time. The total weekly working hours is between 57 hours (if they work 6 days) and 66.5 hours (if they work 7 days), which exceeds FLA standards (setting 48 hours for a regular workweek and 60 hours with overtime).

Farmers follow the guidelines provided by the local commission, which recommends working hours as 10.5 hours per day (from 7am to 7pm with 1.5 hours break). These guidelines contradict the national labor law setting limits to 45 hours a week for regular hours and 60 hours a week including overtime. Following the guidelines of the local commission both contradict the national law and FLA standards.

Source: Interviews with workers, growers, intermediaries; observation and record review

Plan Of Action:

- During our internal monitoring visits, it was observed that mainly labor contractors are keeping the records for workers or workers are keeping for themselves whether for payments or working hours. Farmers preferred to keep general records on total number of workers and total number of days worked at the farm. Local commissions were informed on national labor law standards however, since agriculture work (workplaces with less than 50 workers) is not covered by national labor law, local commissions are still taking decisions according to their consideration. Olam's Sustainability team will reach out to the local commission members and inform them on the legal gap for young workers, wages and hours and work. The team will advise the commission members to include legal requirements for these points. Olam's team will also get in contact with Ministry of Labor on non-compliance issues related to local commission decisions.
- Olam prepared some posters on working conditions for seasonal workers, which also includes a 8h working limit during harvest time. Labor contractors and farmers took these posters away by saying that they are misleading workers. However, the sustainability team will keep on informing workers on their rights through social practices trainings and posters in upcoming harvest.
- Olam will continue to provide social practices trainings for farmers and workers before and during the harvest. Social practices trainings covers the issues on child labor, young workers, Hours of Work, wages, Health & Safety, Discrimination, and Harassment & abuse. These issues are explained using local and international legal standards.

Deadline Date:

October 2016

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: The daily pay rate is fixed only after the workers start working in the hazelnut orchards. Farmers wait for the big sellers to set the market price and then align to this price. At the time of the assessment, the 2015 daily wage was expected at 60 TL per day (USD 21.34), which is above the daily minimum wage (42.45 TL a day – USD 14.10). However, workers start working without knowing with certainty how much they would be paid at the end of the harvest. Workers do not receive their payments before the harvest of the farmer's orchard is completed.

Source: Interviews with workers, growers, intermediaries (*manavs*) and company staff; record review

Plan Of Action:

- The daily minimum wage was decided by the local commission on 10th of July 2015 as 44 TL (USD 15.67) (including daily meal) and 48 TL (USD 17.07) (without meal). On the other hand, local workers generally prefer to set the salary when there is more or less a consensus on daily wage in the nearby villages. Therefore, the labor contractors prefer to wait until the end of harvest in order to bargain with farmers on the highest wage paid in nearby villages/market. With this regard, farmers, workers and labor contractors will be informed on the necessity of setting the daily wage above the minimum wage during trainings. Olam/Nestlé is communicating the daily wage rates through announcements in coffee houses in the villages.
- A harvest contract sample form between farmers and labor contractors were distributed in the 2015 season. The sample form has blanks where farmers/labor contractor could fill-in their name, name of workers, their ages, number of days worked and daily wage and total amount to be paid. The contract sample form allows workers to have knowledge on the daily salary and guarantee their rights. This contract sample form will also be distributed in 2016 season.
- Olam's Sustainability team will reach out the local commission members and inform them on the lack of information on wages. The team will advise the commission members to include legal requirements for these points.

Deadline Date:

October 2016

Wages, Benefits and Overtime Compensation: Record Maintenance

WBOT.7 Company shall make efforts to educate and assist the growers in maintaining records of wages provided to the worker in cash or in-kind or both, and such records shall be acknowledge by the worker.

Noncompliance

Explanation: Olam has distributed handbooks to farmers for keeping working hours and wage records of workers. However, the farmers' awareness of this process is still at low levels and they are not keeping any records to date.

Source: Interviews with workers, growers and company staff; record review

Plan Of Action:

- During our internal monitoring visits, it was observed that mainly labor contractors are keeping the records for workers or workers are keeping for themselves whether for payments or working hours. Farmers preferred to keep general records on the total number of workers and total number of days worked at the farm. A handbook will also be distributed to labor contractors for keeping record of the workers hours and wages.
- A harvest contract sample between farmers and labor contractors were distributed in 2015 season. The sample form has blanks where farmers/labor contractor could fill-in their name, name of workers, their ages, number of days worked and daily wage and total amount to be paid. This contract sample form will also be distributed in 2016 season.
- In 2015 harvest, daily wage cards were distributed to workers, which allow them to calculate the days, and hours they work during harvest time. The reaction was positive and some of the workers were observed using them, during 2016 harvest, more wage cards will be distributed.
- Olam will continue to provide social practices trainings for farmers and workers before and during the harvest. Social practices trainings cover the issues on child labor, young workers, hours of work, wages, health and safety, discrimination and abuse. These issues are explained within local and international legal standards.

Deadline Date:

October 2016