



INDEPENDENT EXTERNAL MONITORING OF NESTLÉ'S HAZELNUT SUPPLY CHAIN IN TURKEY

EXECUTIVE SUMMARY

In August 2011, the Fair Labor Association (FLA) conducted an [assessment](#) of labor and human rights conditions in Nestlé's hazelnut supply chain in Turkey, responding to a request from Nestlé for an external investigation. Based on the results of this assessment, Nestlé developed and submitted an [action plan](#) to the FLA in February 2012. In March 2012, Nestlé joined the FLA as a Participating Company.

As a requirement of affiliation, the FLA conducts independent assessments of a sample of the company's supply chain. In order to evaluate the current working

conditions in Nestlé's hazelnut supply chain and the progress made in the implementation of its action plan, FLA conducted five unannounced independent external monitoring visits in August 2013 to Nestlé suppliers and hazelnut farms in the Black Sea Region in northern Turkey. This report summarizes FLA's review of Nestlé's internal monitoring efforts and the findings from FLA's monitoring visits.

Action Plan Implementation by Nestlé

Following up on FLA's recommendation to strengthen the transparency of its supply chain, Nestlé began tracing the upstream supply chain that was unmapped prior to 2012. By December 2013, Nestlé, with the help of its tier 1 suppliers Prodigia and Balsu,¹ identified several "manav" (intermediaries) and hazelnut growers in the upstream supply chain, who committed to work on addressing child labor and adhering to the Nestlé Supplier Code. The mapping effort covered around 3,610 farms supplying hazelnuts to Nestlé.² In executing its action plan, Nestlé, jointly with Prodigia and Balsu, commissioned a third-party assessment organization, Intertek, to verify working conditions at 351 hazelnut farms supplying to Nestlé during the August 2013 harvest. Six garden owners did not allow Intertek access to the farms.



FLA's monitoring team interviewing workers in the hazelnut gardens

¹ Prodigia is a Turkey-based subsidiary of Olam International. Both Olam International and Balsu are FLA affiliates since October 2012 and October 2013 respectively.

² Nestlé sources sixty-five percent of its global hazelnut supply from Turkey, of which eighty percent can be traced back to 3,610 farms located in four regions along the Black Sea in Northern Turkey.

Of the 345 farms assessed by Intertek employing 3,055 workers, 77 child workers³ were identified at 46 farms.⁴

Following the Intertek assessment, Nestlé collaborated with [CAOBISCO](#) (Association of Chocolate, Biscuit and Confectionery Industries of Europe) to facilitate the convening of a multi-stakeholder dialogue in Turkey. Through [FTG](#) (Hazelnuts Promotion Group in Turkey) and SEMAD (Turkish Association of the Confectionery Manufacturers), CAOBISCO engaged with the Turkish Ministry of Labor to chair the first roundtable meeting in July 2012. This led to the creation of a [working group](#) bringing together business and government representatives. In 2012, following a meeting in Ankara to discuss a public-private partnership, Nestlé began funding an International Labour Organization (ILO) child labor project in Turkey together with other companies via CAOBISCO.



Workers collecting hazelnut from the ground on farms in the Akcakoca region

FLA Independent External Monitoring Visits to Farms

FLA conducted five unannounced independent external monitoring visits to assess working conditions at Nestlé suppliers and hazelnut farms in the Black Sea Region between August 12 – 30, 2013. A team consisting of both FLA and external assessors visited 67 hazelnut gardens (farms) in Nestlé's supply chain in the Ordu-Giresun (42 visits) and Akcakoca (25 visits) regions. The team followed the FLA's Independent External Monitoring (IEM) methodology, starting with external information gathering through desk-based research and meetings with the Directorate of Agriculture in the Akcakoca region and civil society organizations in the Ordu-Giresun region. These were followed by visits to the farms and the regional offices of Nestlé's tier 1 suppliers.

At the farms, assessors found that although growers would like to hire local workers, these workers are not readily available. Hence, they hire migrant workers who move with their families from farm to farm harvesting hazelnuts. The assessments included interviews with local and migrant workers and their accompanying family members, growers, and labor contractors. Of 1,117 workers (866 in Ordu-Giresun and 251 in Akcakoca) reported to be working in the gardens, 263 were interviewed (168 in Ordu-Giresun and 95 in Akcakoca). Forty-one percent of the workers consisted of a young population. Among the interviewed workers, 56 cases of child labor (children under 15 years of age)⁵ and 53 cases of young workers (15 – 18 years) were identified, representing 20% and 21% of the interviewed workforce respectively.

³ The Intertek finding is based on the Turkish legal requirement prohibiting employment of children under the age of 15.

⁴ During the harvest of August 2012, Intertek verified working conditions at 323 hazelnut farms supplying to Nestlé. The assessment identified 87 child workers among a total of 3,827 workers on the farms visited by the third party monitor. Of the 323 farms visited, child labor was observed at 46 farms in August 2012.

⁵ The finding was identified against the [FLA Code of Conduct and Benchmarks](#).

The FLA assessment team identified the following key findings:

- At the farm level, 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.⁶ A consistent finding among the workers FLA interviewed was that children arrived at the farms with their families and worked long hours without rest days, including on public holidays.
- At the farm level, no information or documentation exists about systems and practices relating to compensation or working hours. It was commonly found that labor contractors illegally deduct approximately ten percent of each worker's daily wages in commission. In 2013, the local Government set the daily wage at 35 Turkish Lira,⁷ and workers receive less than the minimum wages once the labor contractors deduct their commission. Even though workers work overtime, they are not compensated for those hours. Payments are made at the end of the season.
- At one farm in the Akcakoca region, Syrian refugees were working without proper work permits.
- A number of health and safety issues were identified during the farm visits. For example, all workers on the farms were working without proper personal protective equipment. There were no 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 had inadequate amenities such as electricity, water and space.

FLA Review of Nestlé's Internal Monitoring and Remediation System

The FLA assessment also included a review of Nestlé's internal monitoring and remediation system. This involved interviews with the staff of regional tier 1 suppliers and documentation review. Two key findings emerged from this review:

- FLA assessors found evidence of efforts to communicate labor standards through posters and banners displayed in villages and at crackers' locations but found limited impact in the hazelnut supplying farms. The growers and workers are not aware of the Nestlé supplier code or any existing labor standards or health and safety requirements.
- Currently, Nestlé's internal monitoring program is limited to the farm assessments conducted by Intertek, which addresses only child labor and health and safety practices. FLA affiliation requires assessment of working conditions covering the entire [FLA Code of Conduct](#).

⁶ According to Turkish Labor Law, weekly working hours shall not exceed 45 hours and daily working hours shall not exceed 11 hours, including overtime.

⁷ Turkish Lira (TRY). 1 US Dollar is equal to approximately 2.2 Turkish Lira. TRY35 is approximately USD16.

Next Steps

In response to FLA's monitoring visits, Nestlé has developed and submitted a corrective action plan that is included in the FLA monitoring reports. This plan includes the following action items:

- 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 in Turkish, and targeted trainings.
- A toll-free number will be set up as a mechanism for reporting noncompliances, and a formal grievance mechanism will also be introduced.
- A self-assessment will be introduced at the grower level to regularly evaluate their performance; Nestlé's internal monitoring team will oversee this activity.
- Lastly, Nestlé plans to work closely with local organizations to establish a child labor monitoring and remediation system.

FLA will continue to verify Nestlé's progress and report publicly on its findings.