

## INDEPENDENT EXTERNAL MONITORING OF OLAM'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 Olam in Ivory Coast, the FLA has been monitoring since 2013 a portion of the cocoa-producing cooperatives and farms in its Ivory Coast supply chain. In 2014, Olam has traced 54 percent of its cocoa supply chain in Ivory Coast, which represents 107 cooperatives and about 45,000 farmers.

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.



*A producer harvesting cocoa pods  
with his daughters in Yakassé Attobrou.*

### Methodology

From December 2014 to January of 2015, during the peak cocoa-harvesting season, the FLA conducted five unannounced independent external monitoring visits to two cooperatives selected through a stratified random sampling, taking into account criteria such as location and certification status. A team consisting of trained external assessors conducted the visits in two different regions of the Ivory Coast visiting two to three communities in each location:

- **Toumodi:** Kokumbo, Djekanou;
- **Yakassé Attobrou:** Abradine, Fiassé, Kong.

Assessors visited a total of 100 farms (20 farms in each of the five communities). These 100 farms represent seven percent of the 1394 farm owners affiliated with the two visited cooperatives. The average size of farms in the visited communities varies between 2.28ha to 3.55ha.

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 two regions. Following the external information gathering, the team visited the cooperatives, the communities and the cocoa farms. Assessors interviewed a total of 25 staff members at the cooperatives, 100 farmers (96 men and four women who own the cocoa plantations) and 185 workers and sharecroppers.

The table below provides the details of the farm population and population interviewed during the IEMs. On the 100 visited farms, monitors met 14 young workers and two child workers (all family workers).

**Table 1.** Farmers, sharecroppers and workers' population in the 5 visited communities

Farm population	Total	Male	Female	% population	Total Interviewed
Farmers	100	96	4	35%	100
Adult family workers	145	35	110	51%	14
Adult sharecroppers	12	12	0	4%	2
Adult hired workers	12	11	1	4%	3
Young sharecroppers (15-18 years old)	0	0	0		0
Young family workers (15-18 years old)	14	14	0	5%	4
Young hired workers (15-18 years old)	0	0	0		0
Hired child workers (younger than 15)	0	0	0		0
Child family workers (younger than 15)	2	2	0	1%	2
<b>TOTAL</b>	<b>285</b>	<b>170</b>	<b>115</b>	<b>100%</b>	<b>125</b>

## 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 (CAPs) developed by Olam in response to the FLA's findings. To access the detailed reports, please visit <http://www.fairlabor.org/affiliate/olam>

SUMMARY OF FLA IEM FINDINGS	SUMMARY OF COMPANIES' COMMITMENTS (Corrective Action Plans <sup>1</sup> )
<b>CODE AWARENESS AND GRIEVANCE PROCEDURE</b>	
<p>Assessors observed obvious efforts by Olam and its partners to inform, educate, and train the largest number of farmers on its Supplier Code (or Code). Olam has developed and made available to its suppliers an illustrated Code to inform them of the standards to be followed. In that Code, Olam encourages all those who observe non-compliances or have grievances to report them directly to the company. Farmers are informed orally of the Code through farmer field school sessions and through illustrated brochures that are distributed to those attending the sessions.</p> <p>However, the Code misses a provision on Hours of</p>	<p>Olam reported that it will revise its Supplier Code (or Code) and include provisions on working hours, non-retaliation, non-discrimination and other elements of FLA's Code of Conduct that are not reflected therein.</p> <p>Olam also reported that it will increase the scope of training to include all cooperatives' group administrators who will then train the farmers through farmer field schools. Olam will conduct a survey to better understand the reason why farmers are not attending the training sessions and will also collect recommendations on how to improve attractiveness of training. Group administrators will be asked to actively encourage workers' participation in farmer field school and Olam will closely monitor it through</p>

<sup>1</sup> When receiving FLA IEM reports, Olam develops corrective action plans in collaboration with its upstream suppliers (e.g. cooperatives) to respond to the findings and implement remediation actions.

<p>Work and it does not provide clear information on how and through what channel people can report non-compliance and grievances. During their visit in the cooperatives, the monitors also observed that out of 100 farmers interviewed, 39 did not take part in the farmer field school sessions for various reasons: unavailability, lack of information, coincidence with the market day. Furthermore, information rarely reaches the workers who do not receive the illustrated Code and do not attend the farmer field school sessions. The Code was posted in the cooperative headquarters and in one of the five visited sections and communities.</p>	<p>monthly reporting.</p> <p>Olam reported that the revised Code will be distributed to all suppliers along with posters in sufficient quantity to be posted in each cooperatives' sub-sections.</p> <p>Regarding grievance mechanism, Olam reported that each of its suppliers (cooperatives) will set up a committee composed of group administrator, farmer leaders, and farmer trainers that will be in direct contract with Olam's regional representatives to report any noncompliance or grievance. The existence of this committee will be communicated to all farmers and workers through the farmer field school sessions and through a memorandum that will be displayed in the cooperative head office and in the various sections and subsections.</p> <p>Olam will also establish a toll-free number to allow farmers and workers to make free calls and report grievances directly to them; an e-mail address will also be created to allow cooperative staff to send their complaint. The toll-free number and the e-mail address will be displayed on the Code which will be distributed to all sub-sections, farmers and workers.</p>
<p><b>CHILD LABOR</b></p>	
<p>Although child labor awareness is increasingly visible in the cocoa growing communities, assessors identified two cases of child family workers younger than 15 years old during farm visits: one in Toumodi and one in Yakassé Attobrou. Child workers were found on two of the 100 visited farms. They were family workers and were not attending school. Child workers represent 0.70 percent of the total workforce (including farmers) met during the IEMs</p> <p>These children were involved in harvesting and transportation of cocoa pods. These tasks are considered hazardous since they involve the use of machete and transportation of heavy load.</p> <p>All the child workers were not attending school. They had no birth certificate (which they need to attend school) and no provision has been planned by the company to assist farmers in checking and maintaining proof of age documentation. The two visited cooperatives do not yet participate in any child labor rehabilitation program.</p>	<p>The FLA alerted Olam of the specific child labor findings, which led to immediate actions and remediation in cooperation with the Cooperative Group Administrator (ADG) and the children's families.</p> <p>Olam reported that it will reinforce training and support to the cooperatives' Child Labor Monitoring Committee (CLMC) to further increase farmers' and workers' awareness and strengthen child labor monitoring through the CLMC.</p> <p>Olam will work together with all the cooperatives' CLMCs to profile all farmers and workers and their families. The profiling will help identify all the school age children, along with school registration and effective attendance. Olam and the suppliers will facilitate birth registration and other remediation, where required, to increase school attendance.</p> <p>Olam requested its suppliers (cooperatives) to identify all their producers' workers. This will help the suppliers to ensure that a contract is signed between producers and workers, and that the contract be accompanied by documents proving the age of the employee.</p> <p>In 2014, under Olam's lead, a collaboration with several other industry partners, has started a pilot project entitled CLEAR: Child Labor Evaluation and</p>

	Remediation Project, and will look to apply the knowledge gained across all the supply chain. FLA is the technical partner supporting the project.
<b>HEALTH, SAFETY, AND ENVIRONMENT</b>	
<p>Assessors found a number of health-and-safety-related non-compliances at most of the visited farms, including lack of communication of the health and safety policies to the workers; lack of first aid kits and emergency plan in some of the sections, mainly at Toumodi; and improper chemical containers storage and disposal procedures.</p> <p>In some visited communities and camps of Yakassé Attobrou, farmers and workers source drinking water from wells and swamps. These water points are not covered and the water collected undergoes no treatment prior to consumption.</p>	<p>Olam reported that it will make a large distribution of its revised Code and ensure that it is distributed to all farmers and workers. Posters will be distributed in sufficient quantity so that each supplier in the supply chain displays posters in all its sections and sub-sections.</p> <p>Olam will request its suppliers to communicate, through the farmer field schools sessions, the list of chemicals approved by the Conseil du Café Cacao and the list of those prohibited. The list will also be posted at the cooperative head office, in the sections and sub-sections. During farmer field school sessions, farmers and workers will also be sensitized on the adverse effects of chemicals on human health and will be trained on the empty container management. To avoid manipulation of empty containers by the producers and their families, applicators have been trained and equipped to treat members' plantations.</p> <p>Concerning the lack of first-aid kits and emergency response plan, Olam reported that it will work together with its suppliers to help them develop a health and safety management procedure, and communicate it to all farmers and workers. This procedure will define the evacuation mechanism in case of emergency. Olam will urge all the suppliers to provide first-aid kits in all their sections, and one delegate from each cooperative will be trained as a health focal point. Olam will regularly visit the cooperatives' sections to monitor implementation.</p> <p>Regarding access to drinking water, the cooperative has registered this need on the list of its social projects and is committed to build protected wells in Fiassé and Kong 2. The cooperative will contract with a specialized NGO to rebuild, protect, and treat at least one well per year in each of its sections and subsections.</p>
<b>COMPENSATION</b>	
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. Olam and its suppliers did not provide any assistance to educate	Olam reported that it will educate the cooperatives on transparency in the payment of the premium to producers, and request that they create a system to monitor the payment of the upcoming premium. Olam has required that in all Memoranda of Understanding

<p>and assist the farmers in maintaining payment proofs.</p> <p>Moreover, assessors received grievances related to certification premium payments. Some 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>signed this year with the cooperatives, the complete list of all beneficiary producers will be sent to Olam.</p> <p>Olam also reported that the cooperatives will educate its farmers about the importance of keeping payroll records between the producer and workers. The cooperative will assist farmers to procure notebooks to record their different paydays. Olam will regularly support the cooperatives' group administrator in order to verify the effective application of payroll and payments to workers.</p>
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## 2014 Actions implemented by Olam

Based on the 2013 assessment results, Olam developed corrective action plans (CAPs) to be implemented in the monitored cooperatives and throughout its cocoa supply chain in Ivory Coast. While child labor was found on two of the 100 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, Olam's corresponding CAPs, and the actions that were actually taken in 2014 as reported by Olam. 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 2016 IEM cycle and report its findings.



SUMMARY OF 2013 IEM FINDINGS	OLAM 2013 CAP	ACTIONS TAKEN IN 2014
<b>CODE AWARENESS, EMPLOYMENT RELATIONSHIP AND GRIEVANCE SYSTEM</b>		
<p>Despite farmers' familiarity with Olam's and other companies' Supplier Codes, workers and sharecroppers have not received training on the Code. Farmers have not been trained on document maintenance, and the lack of any employment documentation at the farms (such as labor profiles, employment contracts, hours of work, and compensation records) made verification of several Code elements challenging.</p> <p>Existing grievance procedures are ineffective due to lack of awareness amongst farmers or workers, and the farms lack any non-retaliation policies.</p>	<p>Olam will organize a training-of-trainers session on the Supplier Code for the cooperatives' farmer trainers and for the Group Administrators (ADGs), who oversee the cooperatives' sustainability programs at the cooperatives' level. Workers and their wives will be actively encouraged to participate in the training sessions conducted by the farmer trainers, to ensure full awareness and adoption of all fair labor principles. With support from Olam, the cooperatives will create a grievance channel and non-retaliation policy for workers. The cooperatives' ADGs will incorporate information about the grievance channel and non-retaliation policy into trainings on the Olam Supplier Code and will post notices posted at the cooperatives. Workers will be encouraged to report their complaints to the ADG, who will investigate complaints and develop remediation plans with either the farmer involved, or with a committee from the cooperative, depending on the seriousness of the complaint.</p>	<p>Olam reported that:</p> <ul style="list-style-type: none"> <li>• In February 2014, Olam conducted a training program for all the cooperatives' group administrators and farmer trainers on the Olam Supplier Code;</li> <li>• Since 2013, Olam has actively encouraged workers and their wives to participate in training sessions through sensitization made by the regional representatives. Olam conducts bi-annual farmer training of trainers sessions on relevant topics to be developed in the farmer field schools;</li> <li>• In March 2014 with the support of Olam, the monitored cooperative has developed non-retaliation and grievance policies. These policies have been communicated to workers and producers through farmer field schools and are also displayed at the cooperative. The workers and producers are also encouraged to report non-compliances observed and other complaints as well as to duplicate the training to their families.</li> </ul>
<b>HEALTH, SAFETY AND ENVIRONMENT</b>		

Assessors found a number of health and safety related non-compliances at all visited farms, including lack of potable water and first-aid kits, insufficient safety and personal protective equipment (PPE), especially for women; unsafe use of pesticides and fertilizers; and improper storage of machetes in farmers' or workers' living quarters.	In locations where potable water is not readily available, Olam is planning to run awareness campaigns for farmers on safe treatment and use of ground water drawn from wells. One cooperative has engaged a local civil society organization to analyze and treat well water. Olam will provide a manual to farmers and workers on health and safety procedures for cocoa production and social requirements. Olam will ensure that the cooperatives provide first-aid kits in each section and educate workers, producers and their families on health and safety. To help remediate women's lack of access to personal protective equipment (PPE) and other health-and-safety best practices, Olam will actively encourage women to participate in the training sessions and to be trained as trainers. Finally, Olam will conduct a mapping and resource assessment of rural health centers in the villages they source from and engage with the local authorities to inform them about the resource constraints and needs at the health centers.	Olam reported that: <ul style="list-style-type: none"> <li>• In October 2014, the monitored cooperative has employed the NGO ORASUR for analysis and treatment of well water in the different sections and cooperative members have been sensitized on the use of potable water;</li> <li>• In March 2014, the cooperative provided first-aid kits in each section and producers, workers and families have been educated on health and hygiene;</li> <li>• In February 2014 producers and workers have been trained on health and safety, the storage of tools and the use of PPE. To solve women's lack of PPE, the cooperatives have equipped and trained some selected farmers to treat the farms of all the members of the cooperatives including women.</li> </ul>
<b>NON-DISCRIMINATION</b>		
Discriminatory practices were found at one of the visited cooperatives. Assessors concluded based on interviews and records review that cooperative's board members are selected based on their country of origin or family association. Farmers who are members of the cooperative are not involved in the selection process of the cooperative's board members, leading to an unfair selection process.	The cooperative was found to employ discriminatory election procedures, Olam will inform cooperative leadership that all cooperative members must be involved in the election process.	Olam reported that they discussed with the board of the cooperative in February 2014 and since then, the cooperative is committed to organize open and democratic elections in 2016 and issue an election record. For the coming election, the cooperative will inform all the members and encourage their participation including women.
<b>HARASSMENT OR ABUSE</b>		

<p>There are no policies and procedures for handling discipline at the cooperatives or farms. Farmers are not trained on policies and procedures against harassment and abuse. The related policy provided by Olam prohibits sexual abuse, but remains silent on any other aspects of workplace harassment or abuse.</p>	<p>Through the awareness training sessions, Olam will train the ADGs and farmer-trainers on the disciplinary system requirements. The disciplinary procedures will also be discussed with the farmers and workers.</p>	<p>In February 2014, all ADGs have been trained on Olam's Supplier Code and sensitized on the importance of disciplinary procedures to meet the requirements of certification and to fully respect the Code.</p>
<p><b>CHILD LABOR</b></p>		
<p>Farmers and workers reported in interviews that children under 18 are frequently involved in farm work, especially during holidays. If a case of child labor does occur, Olam does not maintain a system for removal or remediation of child workers. Assessors did not interview or observe any child workers during their visit.</p>	<p>Olam will establish a Child Labor Monitoring Committee at the cooperatives that will comprise the ADGs, village leaders, a farmers' representative, and a women's association member. Olam will train the ADGs on child labor remediation. During harvest season, farmers will be monitored by the ADGs and other internal monitoring staff. Identified cases of child labor will be treated on a case-by-case basis. The ADGs will consolidate the monitoring and remediation results in a database for further analysis that may be of assistance to other cooperatives.</p>	<p>Since 2014: Olam is implementing a Child Labor evaluation and remediation project with three pilot cooperatives (known as Project CLEAR). Best practices developed by the project will be scaled up to all the cooperatives in the supply chain. At the same time, Olam is establishing child labor monitoring committees at each cooperative to sensitive farmers and workers to ensure compliance with labor laws.</p>