

## **INDEPENDENT EXTERNAL MONITORING OF OLAM'S COCOA SUPPLY CHAIN IN IVORY COAST: 2015 - 2016**

### **EXECUTIVE SUMMARY**

The FLA annually conducts independent assessments of a sample of each affiliated company's supply chains. For Olam, the FLA has been monitoring since 2014 a portion of the cocoa-producing cooperatives and farms in its Ivory Coast supply chain. In 2015, Olam reported it had traced 100 percent of the cooperatives supplying cocoa for Olam in the Ivory Coast, which represents 117 cooperatives and about 53,000 farmers. Cocoa sourced from cooperatives represents 100 percent of the entire supply chain, with no cocoa is sourced through traitants that have not yet been traced.

In 2015, the FLA conducted Independent External Monitoring (IEM) visits in three cooperatives that had never been assessed before. This report summarizes the FLA's findings for its 2015 assessments, the company's responses to the 2015 findings, and the progress and remaining gaps in remediation of issues found during previous assessments in 2014.

The FLA's key findings in its 2015 assessments compared to 2014 findings show progress in areas such as child labor awareness among farmers and development of farm-level labor policies. There is continued need for progress in other areas like overall code and grievance procedure awareness among farmers, workers and family members, lack of first-aid kits in 88 percent of the visited communities and lack of a health center in 68 percent of communities, lack of access and use of personal protective equipment (PPE), lack of age verification system leading to involvement of children in hazardous work, and lack of payment records for both the farmer's certification premiums and payment made to workers.



### **Methodology and Worker Demographics**

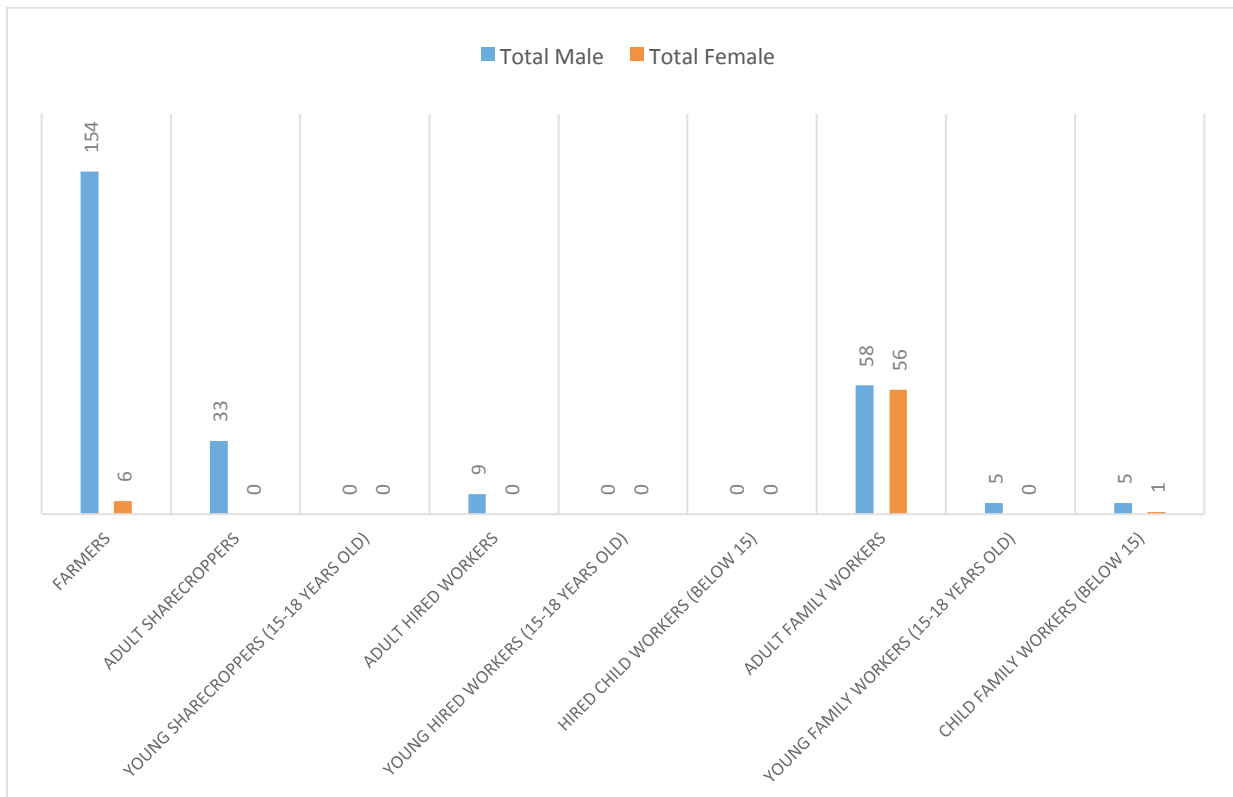
From October 2015 to January of 2016, during the peak cocoa-harvesting season, FLA external assessors conducted independent assessments of 160 farms in eight communities under three cooperatives. The cooperatives were selected through a stratified random sampling taking into account criteria such as location and certification status.

Table 1. Assessment locations and details

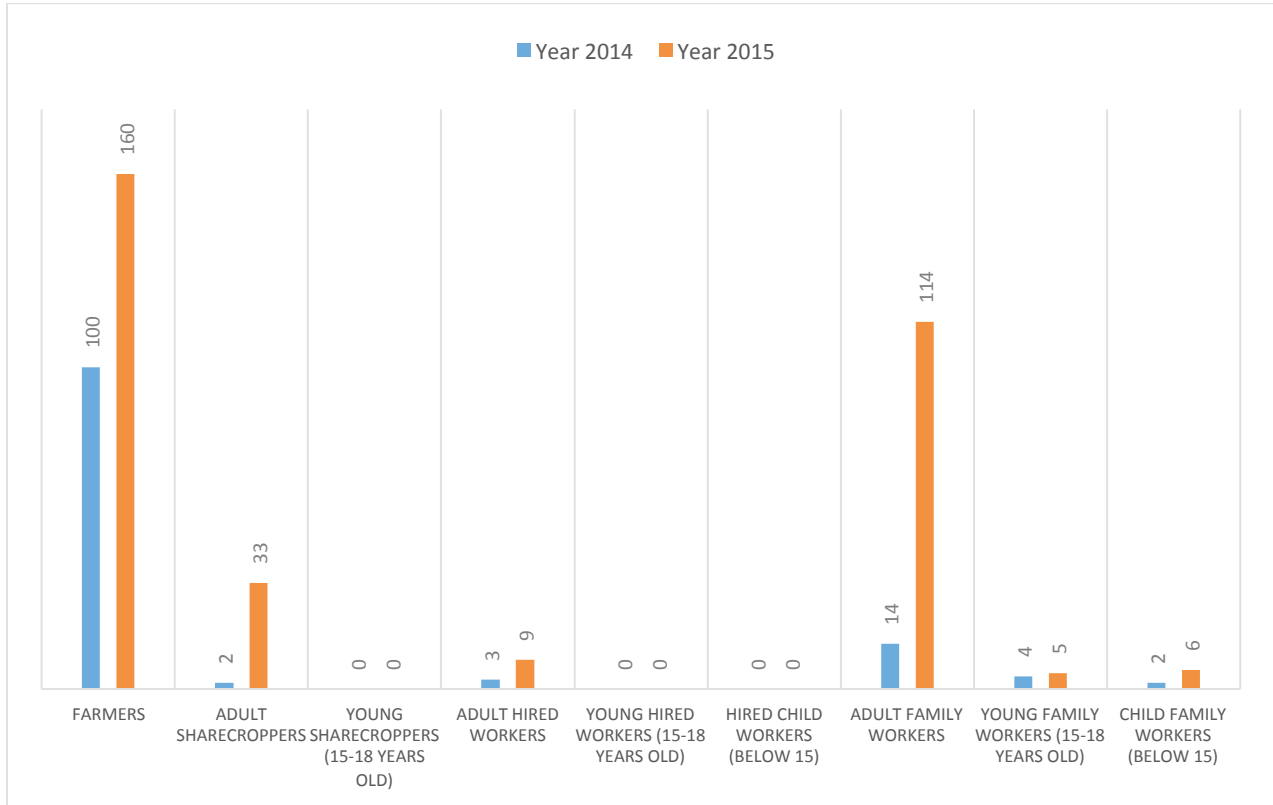
2015 FLA IEM visits			
Cooperatives	Region	Communities	Number of farms
Cooperative 1	Duekué	<ul style="list-style-type: none"> <li>• Kéitadougou</li> <li>• Bleufor</li> <li>• Kranzadougou</li> </ul>	60
Cooperative 2	San Pedro	<ul style="list-style-type: none"> <li>• Ancien Dogbo</li> <li>• Dogbo</li> </ul>	40
Cooperative 3	Niablé	<ul style="list-style-type: none"> <li>• Padiegnan</li> <li>• Brindoukro</li> <li>• Appouesso</li> </ul>	60

The visits were conducted using the FLA’s Independent External Monitoring (IEM) methodology, which has four main components: 1) internal monitoring center visits of Olam’s and each cooperative’s office, 2) farm visits, 3) community profiling, 4) external stakeholder consultations. Following this methodology, assessors interviewed a total of four Olam local staff members, 17 cooperative staff members, 160 farmers (154 men and 6 women who own cocoa plantations), as well as 167 workers representing 54 percent of the 312 workers reported to be working on the farms. Among the interviewed workers’ population, there were nine annual hired workers, 125 family workers, and 33 sharecroppers. On the 160 visited farms, assessors met five young workers and six family child workers. No hired child worker was identified in the 2015 assessments.

Chart 1: 2015 demographic profile of interviewed farmers and workers by gender, age, and category in the three cooperatives



**Chart 2: Comparison 2014 /2015: interviewed farmers and workers’ demographics**



In 2014, assessors met two family child workers representing about one percent of the total workforce. In 2015, assessors met six child workers representing about two percent of the total workforce. All child workers identified on the visited farms were included in the interview sample. There is an increase in child labor reporting in 2015 over the 2014 reporting covering different regions, communities, and farms.

**2015 Findings**

The table below summarizes the key findings from the FLA’s 2015 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 SYSTEM</b>	
Assessors observed efforts made by Olam and its partners to inform, educate, and train the largest	Olam reported it will proceed with a wide distribution of the revised CoC and make sure that

<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>number of farmers on its Code of Conduct (CoC). Olam has developed and made available to its suppliers an illustrated Code of Conduct to inform them of the standards to be followed. Poster and leaflet formats of this CoC contain pictures to facilitate access to information for people who cannot read. In some regions, Olam has appointed a responsible person to whom producers can directly report any case of abuse and non-compliance without fear of retaliation.</p> <p>However, assessors observed that in one of the three visited cooperatives, farmers and workers do not receive any training or information on labor standards. The leaflets are not distributed and no poster was available in the production locations except the one posted at the cooperative headquarters. In the other two assessed cooperatives, training and information is limited to farmers, since workers do not participate in the field school sessions and there is no mechanism in place for relaying information to them. The posters and leaflets developed to communicate on the CoC were not available in five of the eight visited communities.</p> <p>The assessors also noted that the grievance procedure is not communicated and not known to farmers and workers in most of the visited communities.</p>	<p>all the farmers and workers receive a copy of it. The CoC posters will be displayed in all the sections and sub-sections of every cooperative.</p> <p>To address the training issue, Olam reported that the cooperative facing that issue has increased the number of farmer field schools from four to 22 to enable all farmers and workers to benefit from the training.</p> <p>As a solution to the non-participation of workers in the farmer field school, Olam reported that a training program will be developed in consultation with the farmers to allow their workers to participate once every two months at a two-hour training session.</p> <p>Regarding the grievance system, Olam will encourage each cooperative to establish a reliable secured grievance procedure for farmers and workers. In addition to these cooperative-level grievance channels, Olam reported it will highlight on the revised CoC leaflets and posters a toll free emergency help line for those who want to directly reach them if the cooperative-level grievance mechanism is not functioning. Olam will ensure the revised CoC posters and help line number are displayed at the cooperative level and in every store of the sections and sub-sections of the cooperatives, and that it is communicated to all the farmers and workers through the farmer field schools. A non-retaliation policy has been developed by Olam and will also be communicated on the CoC leaflets.</p>
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**CHILD LABOR**

<p>Although child labor awareness is increasingly visible in the visited cocoa growing communities, assessors identified a total of six family child workers younger than 15 in three of the 160 visited farms. None of them were attending school. In addition to these six family child workers, assessors met five family young workers. All these children and young workers were involved in various farm activities such as farm clearing, cocoa bean drying, harvesting, transportation and opening of cocoa pods. Some of these tasks are considered as hazardous since they involve the use of machetes and transportation of heavy loads.</p>	<p>After the FLA visits, Olam organized follow-up investigations on the child worker cases in order to develop appropriate remediation plans. After the follow-up, Olam reported that all the children have returned to school and have received support from the local school management committee, the cooperative, Olam, and its supply chain partners like the International Cocoa Initiative (ICI) as part of Nestlé’s Child Labor Monitoring and Remediation System (CLMRS).</p> <p>For those who are too old to attend school (older than 15), Olam reported that ICI will look into the</p>
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<p>None of the child workers had a birth certificate and no provision has been planned by the company to assist farmers in checking and maintaining proof of age documentation. The three visited cooperatives do not yet participate in any child labor rehabilitation program.</p>	<p>possibility to provide them literacy classes.</p> <p>All the children identified without birth certificates have been taken on by ICI to establish their birth certificates.</p> <p>Nestlé’s Child Labor Monitoring and Remediation System (CLMRS) will intensify its action in all Olam’s cooperatives involved in the Nestlé/ICI CLMRS program. For the part of its supply chain that is not part of the Nestlé program, Olam reported it has established and trained a Child Labor Monitoring and Remediation Committee (CLMRC) composed of community operation agents (COAs) in each cooperative. The role of the CLMRC is to raise farmers’ and workers’ awareness of child labor issues, conduct unannounced farm inspections, and profile all the children in the farmers and workers’ household, as well as providing appropriate solutions to any cases of child labor discovered within the community</p>
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**HEALTH, SAFETY, AND ENVIRONMENT**

<p>Despite Olam’s efforts to develop health and safety information materials, none of these documents were available to farmers and workers in the visited communities.</p> <p>In addition to this, many visited farmers and workers live in small communities that have no health center. No provision has been made by Olam and its partners to provide sections with first-aid kits to handle emergencies before they can reach a health center. Around eight percent of interviewed farmers were exposed to chemical management issues such as bad management of empty containers, use of chemical container for drinking purposes, and self-application of chemicals without proper training. Around 48 percent of interviewed farmers have no access to potable drinking water. Workers are not on the appropriate measures to clean water before consumption.</p>	<p>Olam reported it will proceed with a wide distribution of the revised CoC and make sure that all farmers and workers have access to the health and safety provisions, as well as the list of approved and banned chemicals. The CoC poster will be displayed in all the sections and sub-sections of each cooperative.</p> <p>Through its regional representatives, Olam will intensify awareness trainings on security at work in all the cooperatives and check if each cooperative has sufficient protective equipment for their farmers’ requirements. Olam has also developed partnerships with two input providers who provide protective equipment and empty container disposal units</p> <p>In addition, Olam reported it will improve training given to the cooperatives and request that each of them adopt similar measures appointing first-aid managers and equipping each section with first-aid kits.</p> <p>For the communities facing issues of bad chemical management, the cooperatives will train and equip two chemical sprayers by December 2016.</p> <p>Regarding access and awareness of safe drinking water, Olam reported that it has advised the concerned cooperatives to include the need of</p>
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	<p>potable drinking water in the list of social projects to be funded through the certification funds (representing 30 percent of the net cooperative premium), i.e. either build some new and protected wells in the community or rehabilitate the existing wells with a water treatment program.</p>
<p><b>COMPENSATION</b></p>	
<p>In all the visited communities, most of the farmers do not implement any mechanism to maintain proof of wage payment made to contract workers, nor implement a control mechanism (e.g. through witness) to oversee wage payment.</p> <p>Furthermore, even if the farmers of one cooperative acknowledged having received their certification premiums, there is no formal evidence attesting the payment because the cooperative does not deliver receipt for payment to producers.</p>	<p>Olam reported it will continue sensitizing farmers on the importance of having a recorded payroll for their workers. The cooperatives will assist the farmers in purchasing payment registers, and will also assist them in recording wage payments.</p> <p>Regarding certification premium payments to farmers, Olam reported it has requested the cooperatives to provide a signed list of all the farmers who have received the premium. Olam will verify the information provided on these lists at farmers' level.</p>

### Progress and Remaining Gaps in Olam Cocoa Supply Chain

Based on the 2014 assessment results, Olam developed corrective action plans to be implemented in the monitored cooperatives and throughout its supply chain in Ivory Coast. The 2015 key findings show progress in some areas such as child labor awareness among farmers and development of policies. Some of the issues taken up in the 2014 company action plans (CAPs) recur in the 2015 findings, such as low level of code awareness in some communities and among workers, family child labor issues, lack of use of personal protective equipment, lack of access to first-aid, and improper chemical container storage and disposal procedures. Farmers do not implement any mechanism to maintain proof of wage payment made to contract workers and the payment of certification premiums to farmers is not documented.

The below table summarizes the progress noted in Olam Cocoa supply chain following corrective action plans in 2014 and shows recurring issues and remaining improvement areas identified in 2015.

Code Elements	Progress identified by the FLA comparing the 2014 and 2015 assessment results	Areas where sustainable improvement is still needed
<b>Code Awareness and Grievance System</b>	<ul style="list-style-type: none"> <li>Establishment of clear written workplace standards and production of information materials (leaflets, posters)</li> </ul>	<ul style="list-style-type: none"> <li>Distribution of the Code to all farmers and workers</li> <li>Awareness and Code of Conduct trainings for workers and farmers' family members involved in production work</li> <li>Awareness of the grievance mechanisms among farmers and workers</li> </ul>
<b>Child Labor</b>	<ul style="list-style-type: none"> <li>Increased child labor awareness in the communities</li> </ul>	<ul style="list-style-type: none"> <li>Age verification mechanism at the farm level</li> <li>Hazardous work for young workers</li> <li>Sustainable policy on child labor remediation</li> </ul>
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>Establishment of health and safety policies</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of first aid procedure</li> <li>Chemical product and empty containers management</li> <li>Use of personal protective equipment</li> <li>Provision of potable drinking water</li> </ul>
<b>Compensation</b>	<ul style="list-style-type: none"> <li>Increased awareness on premium payment among cooperatives managers</li> </ul>	<ul style="list-style-type: none"> <li>Payment control mechanism between farmers and workers</li> <li>Record keeping for payment of certification premiums to farmers</li> </ul>