Partnership to Eliminate Child Labor and Forced Labor in Imported Agricultural Products: Piloting the USDA Guidelines in the Hazelnuts **Supply Chain** in Turkey **INSTITUTIONAL** SURVEY, BASELINE REPORT

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List of Abbreviations

| CL | Child Labor | | |
|-------|--|--|--|
| CLMS | Child Labor Monitoring System | | |
| CS0 | Civil Society Organization | | |
| DW | Development Workshop Cooperative | | |
| EU | European Union | | |
| FL | Forced Labor | | |
| FLA | Fair Labor Association | | |
| GAP | Good Agriculture Practices | | |
| GHF | Genç Hayat Foundation | | |
| IEM | Independent External Monitoring | | |
| ILAB | Bureau of International Labor Affairs | | |
| IL0 | International Labour Organization | | |
| IMS | Internal Monitoring System | | |
| IS | Institutional Survey Baseline Assessment | | |
| KAP | Knowledge, Attitudes and Practices | | |
| KEDV | Foundation for the Support of Women's Work | | |
| MoLSS | Ministry of Labor and Social Security | | |
| N/A | Not Applicable | | |
| NGO | Non-Governmental Organization | | |
| NSC | Nestlé Supplier Code | | |
| RSG | Responsible Sourcing Guidelines | | |
| SCL | Stop Child Labour Coalition (Netherlands) | | |
| тсо | Total Cost of Ownership | | |
| TL | Turkish Lira | | |
| USD | United States Dollar | | |
| USDA | United States Department of Agriculture | | |
| USDOL | United States Department of Labor | | |
| | | | |

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EXECUTIVE SUMMARY

he "Partnership to Prevent Child and Forced Labor in Imported Agricultural Products: Piloting the USDA Guidelines in Turkey's Hazelnut Supply Chain" Project, funded by the United States Department of Labor's Bureau of International Labor Affairs (USDOL-ILAB), is implemented by the Fair Labor Association (FLA) in cooperation with Nestlé and its two main hazelnut suppliers in Turkey, Olam-Progida and Balsu. The project seeks to pilot the U.S. Department of Agriculture Guidelines for Eliminating Child and Forced Labor in Agricultural Supply Chains¹ (USDA Guidelines) in the hazelnut supply chain of the project partner companies by strengthening their internal child and forced labor monitoring and remediation system.

Within the framework of the project, a baseline assessment survey was carried out to assess the institutional capacities of Nestlé, Olam-Progida and Balsu to combat child and forced labor. Two survey reports were prepared for each of the companies. One was based on the information collected from top management (based at headquarters) in each of companies and the other on information collected from mid-level

¹ https://www.federalregister.gov/documents/2011 /04/12/2011-8587/consultative-group-to-eliminate-the-useof-child-labor-and-forced-labor-in-imported-agricultural management and field staff at the country and regional level².

This consolidated Institutional Survey (IS) Baseline Assessment report brings together the three individual company reports. It presents a brief background on the hazelnut supply chain in Turkey, the objectives and methodology of the institutional survey and an overall assessment of the findings. The assessment includes a review of internal management systems, such as the companies' policies and procedures, and the application of those systems by surveying employees' knowledge about such procedures. Finally, the report provides recommendations to the FLA for system-level improvements and for companies to strengthen their programs and related roles and responsibilities in the prevention of child and forced labor in the hazelnut supply chain.

² Respective individual reports were submitted to each company and all individual reports were submitted to the USDOL-ILAB. Data from the country level visits has been collated to inform this consolidated report.



Child and Forced Labor in the Hazelnut Supply Chain in Turkey

Turkey accounts for approximately 70 percent of the world's hazelnuts production. Hazelnut harvesting is a labor intensive process that employs large numbers of seasonal migratory labor, with migrant workers laboring alongside local workers. Although the employment of children under the age of 15 years (18 in the case of seasonal migratory labor) is prohibited by Turkish national legislation, several field-level research studies indicate a high prevalence and incidence of child labor in hazelnut harvesting. Limited data is available on the prevalence and incidence of forced labor in the hazelnuts sector and agriculture sector at large in the Turkish context.

Objective and Methodology

The objective of the country-level baseline data collection exercise is to understand on the ground implementation of the management system and to benchmark it against the USDA Guidelines. Data was collected and reported on the operational aspects and the efficiency of internal systems. Primary data was collected through interviews with six managers, ten field level staff and four *manavs*³ working in the hazelnuts supply chains of the three companies. Secondary data collection was carried out through a detailed desk-based review of documentation regarding management systems of the partner companies. A data collection tool and interview guidelines were developed based on the desk-review findings.

In order to evaluate each of the company's policies and procedures on prevention of child and forced labor, the collected data was analyzed using an evaluation matrix. Findings were grouped under six sub-headings:

- (1) Child and forced labor standards,
- (2) Communication,
- (3) Supply chain mapping and risk analysis
- (4) Monitoring and complaints mechanisms,
- (5) Remediation, and
- (6) Internal process evaluation.

This sequence mirrors the USDA Guidelines.

³ Manav: intermediary/merchant who buys hazelnut from hazelnut producers and sells to companies.

Findings

The standards of all the three companies comply with those of the International Labour Organization (ILO) on child and forced labor. However, there is a need to further clarify the definition and indicators of forced labor, keeping in mind the Turkish hazelnuts context, and include a comprehensive definition in the companies' policies and standards.

Most supply chain partners in the upstream hazelnuts supply chain work without a formal contract. This is one of the biggest challenges in ensuring implementation of companies' standards on child and forced labor. Another challenge is the lack of comprehensive risk assessments to identify forced labor risks along the supply chain.

Companies have been making efforts to communicate their standards to various stakeholders, mainly through communication materials and trainings. The results of the efforts have been limited, however. For example, the communication efforts include ensuring a safe and accessible complaints mechanism that workers and other stakeholders can use. The hotlines established for this purpose, however, have not been used so far. One of the reasons could be the low awareness among stakeholders about the availability of the safeguards and the non-retaliation policy for those who wish to use them.

Both primary and secondary data gathered suggests that companies conduct regular monitoring on randomly selected hazelnuts gardens in their supply chain. However, the monitoring indicators used are limited and there is lack of effective use of monitoring results to inform follow-up remedial activities.

The remediation efforts of companies with respect to child labor mainly include provision of education support for children (e.g., establishing



summer schools and providing scholarships) and in-kind assistance to workers (e.g., personal hygiene products, hats, gloves, etc.). However, none of the companies has established an evidence-based system for regularly assessing the effectiveness of child and forced labor prevention programs or interventions for non-compliances. This remains one of the most important challenges for assessing the scalability of these remediation programs or interventions.

The key root cause of child and forced labor is poverty, and it is of critical importance that remediation plans in hazelnut production address this problem. The IS Baseline findings suggest that companies fall short in addressing this root cause in their remediation efforts.

The second problem area is that, given their very low income levels, families working in hazelnut harvesting cannot afford to access the minimum standards of living and childcare or education services that their children need. Companies have developed and put in place several remediation activities to improve workers' living and working conditions, but they are limited to setting standards and distributing promotional items (e.g., personal hygiene products) and do not effectively address broader issues related to workers' working and living conditions.

Education support is another remediation area in which companies are engaged. With the support of companies and through initiatives taken by civil society and international organizations, summer schools have been launched for children in hazelnut producing areas. To assess the scalability of these activities, it is essential to conduct an impact evaluation and cost effectiveness study. Based on these findings, it is recommended that companies prioritize the following activities to improve their institutional capacity to combat child and forced labor:

- Ensure that company standards are aligned with ILO standards, and indicators of child and forced labor are defined in the context of Turkey and communicated to all relevant partners through a variety of means.
- Ensure that there are written contracts between all supply chain actors.
- Conduct regular and comprehensive risk assessments and address the outcomes in remediation plans.
- Improve the effectiveness of complaints mechanisms.
- Monitor all child and forced labor indicators throughout the supply chain.
- Ensure that remediation efforts address the underlying causes and are based on evidence-based impact evaluation.

1 INTRODUCTION

1.1 Project Description

The "Partnership to Prevent Child and Forced Labor in Imported Agricultural Products: Piloting the USDA Guidelines in Turkey's Hazelnut Supply Chain" Project, funded by USDOL-ILAB, is implemented by the Fair Labor Association (FLA) in cooperation with Nestlé and its two main hazelnut suppliers in Turkey, Olam-Progida and Balsu. The project seeks to address child and forced labor in the hazelnut supply chain of the project partner companies by piloting the application of the U.S. Department of Agriculture's (USDA's) Guidelines for Eliminating Child and Forced Labor in Agricultural Supply Chains¹ and strengthening the companies' internal monitoring and remediation systems.

The USDA Guidelines consist of a set of practices for independent third party monitoring and verification of the production, processing and distribution of agricultural products or commodities to reduce the likelihood that they are produced by forced labor or child labor.

The overall objective of the project is to pilot a comprehensive, sustainable program that

1 https://www.federalregister.gov/documents/2011/04/ 12/2011-8587/consultative-group-to-eliminate-the-use-ofchild-labor-and-forced-labor-in-imported-agricultural implements all elements of the USDA Guidelines. In order to achieve this overarching objective, three intermediate outcomes have been developed.

- 1 A comprehensive² program with the aim to reduce child labor and forced labor in the Turkish hazelnut supply chain of the three partner companies that will be sustained beyond the duration of USDOL-ILAB funding as part of the internal programs established by Nestlé S.A, Olam-Program and Balsu.
- 2 Research, evaluation, and collection of data on child labor and forced labor informs pilot program intervention.
- 3 Lessons learned from piloting program are available to support future implementation of the USDA Guidelines.

To achieve each of the above-mentioned outcomes, the following outputs were defined by the project:

- ^{1.1} Structures and procedures ensuring effective implementation of the piloting are utilized.
- 1.2 Companies' standards on child labor and forced labor are improved (in line with the USDA Guidelines).

² "Comprehensive" here means having incorporated all elements suggested by the USDA Guidelines.



- 1.3 Supply chain traceability and child labor and forced labor risk assessment systems of the companies are improved.
- 1.4 The communication systems of the companies with regards to their child labor and forced labor social compliance programs are improved.
- ^{1.5} Companies' CL/FL monitoring systems are improved.
- ^{1.6} Companies' CL/FL remediation systems are improved.
- ^{1.7} Internal and external (3rd party) review systems function to continuously monitor and evaluate the program.
- 2.1 Standards for piloting the USDA Guidelines in the hazelnut context in Turkey are available.
- 2.2 Strengths and weaknesses/gaps of the companies' social compliance programs are assessed.
- 2.3 Existing systems and actors that operate to tackle child labor and forced labor at the community level are identified.
- 2.4 Profiling information on migrant hazelnut workers working in project areas is available.
- ^{3.1} Comprehensive report that documents lessons learned and recommendations from the project is prepared.

- ^{3.2} Open source training modules for agricultural companies on combatting child labor and forced labor are available
- 3.3 Lessons learned from piloting the program are available for a wider audience, which includes other hazelnut suppliers, companies producing other agricultural crops, multinational corporations, the Government of Turkey, and national and international civil society organizations.

In the context of this activity plan and the first intermediate outcome, a baseline survey of the institutional capacity of the partner companies, Nestlé, Olam-Progida and Balsu, to combat child labor and forced labor in their supply chains has been conducted. Two survey reports were prepared for each company based on the company-specific results from data collected at the headquarter level (from the top management) and from the country regional staff (mid-level management and field-level staff).

This consolidated report combines the results from the three company reports prepared based on data collected from the country regional staff and presents the background, methodology and an overall assessment of the outcomes of the surveys. The first section of the report presents background information on the hazelnut supply chain in Turkey and situation analysis of child and forced labor in this supply chain. The next section presents a detailed description of objectives and methodology of the IS Baseline. The third section presents an overall assessment of the findings. The fourth chapter presents discussion points on scalability of remediation activities, while the fifth chapter presents recommendations to FLA, and the final chapter provides a brief assessment on USDA Guidelines.

The purpose of this baseline IS Baseline is to identify the gaps in the companies' internal systems compared with the USDA Guidelines, with a special emphasis on child and forced labor monitoring and remediation systems. The analysis contained in this report will assist the companies and the Fair Labor Association to put together a comprehensive program with the aim to reduce child labor and forced labor in the Turkish hazelnut supply chain of the three companies.

1.2 Child and Forced Labor in the Hazelnut Supply Chain in Turkey

1.2.1 Hazelnut Production in Turkey

In Turkey, hazelnut is grown in 43 provinces located mainly in three regions (Map 1):³

I. Standard Region (red): This region, which may be described as the "old hazelnut zone", covers the northern-looking coast of OrduGiresun-Trabzon provinces up to an altitude of 500 meters. Currently, the yield per decare is low and is subject to fluctuations year to year.

II. Standard Region (blue): The region extends from Sakarya to Samsun and covers the eastern-most provinces of Rize and Artvin. Here, the hazelnut farming takes place deeper inland, in low altitude areas. This zone mostly hosts new hazelnut plots, and since slopes are smoother and soil is deep, plots are large and yield is high.

III. Snack Nut Region (yellow): Provinces in this region are dispersed throughout the country. Hazelnut output from this region is mostly for domestic consumption, with a small percentage exported.

Turkish production accounted for approximately 70 percent of world hazelnut (in shell) production during 2001-2014 (Figure 1).⁴ Turkey is also the world's largest exporter of hazelnuts, with Europe (mainly Italy, France and Germany, which have robust food processing industries) being its top market and growing markets for exports in the Far East and North America, including the United States.⁵ The bulk of production occurs in the Black Sea region. About 60 percent of the crop is produced in the Eastern Black Sea Region, 15 percent in the Central Region, and the remaining 25 percent in the Western Black Sea Region.⁶

⁵ FAO, Hazelnut Production, http://www.fao.org/ docrep/003/x4484e/x4484e03.htm. According to the FAO, the top five world producers of hazelnuts are Turkey, Italy, Spain, the United States, and Greece, in that order.

⁶ Ibid. Turkish Agricultural Engineer Chamber, Hazelnut Report 2015 http://www.zmo.org.tr/genel/bizden_detay. php?kod=24516&tipi=17&sube=0

³ T.C. Gümrük ve Ticaret Bakanlığı, Kooperatifçilik Genel Müdürlüğü, 2015 Yılı Fındık Raporu, Ankara.

⁴ Ibid.

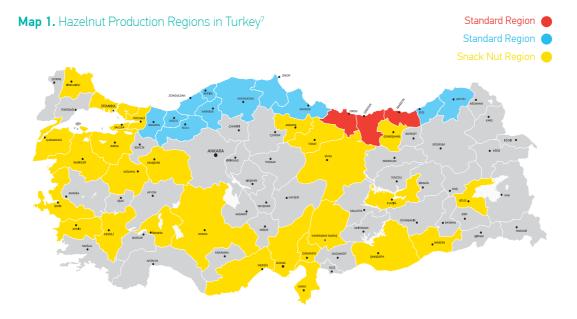
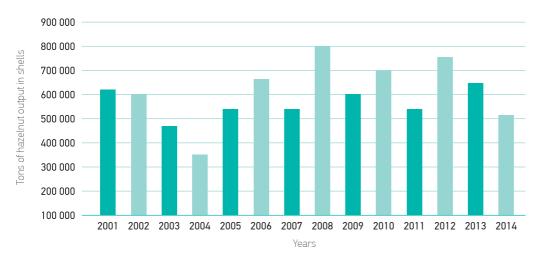


Figure 1. Turkey's Hazelnut Output in Years (2001-2014)⁸



- 7 Ibid.
- 8
- ⁸ Ibid.

As shown in Figure 1, hazelnut output tends to be low in odd years and high in even. This pattern affects demand for harvesting labor. Factors such as frost, temperature and rain affect production levels. For example, output was adversely affected in 2004 and 2014 by frost. The frost experienced in 2014 was pronounced in Ordu and Giresun provinces, which account for about 50 percent of total hazelnut output. Approximately two million growers produce hazelnuts on 700,000 hectares, totaling 20 percent of Turkey's total agricultural exports (\$1.98 billion from 227,556 tons of hazelnut exports in 2016⁹), hence making it an important commodity for Turkey.¹⁰

1.2.2 Employment in Hazelnut Production

In hazelnut production, labor is needed to conduct tasks like pruning, application of fertilizers and other agricultural chemicals, weeding, harvesting, threshing and transporting. The demand for labor is low in most operations with the exception of harvesting. Consequently, family members of the garden owners¹¹ or local

9 http://aa.com.tr/en/economy/2016-hazelnut-exportsearn-turkey-198b/721005

¹⁰ Turkish Agricultural Engineer Chamber, Hazelnut Report 2015 http://www.zmo.org.tr/genel/bizden_detay. php?kod=24516&tipi=17&sube=0

¹¹ The hazelnut farms in Turkey are mostly family-owned gardens that have been divided by inheritance. Both sons and daughters may inherit the farms, but usually the sons work in the farms. As a result, over time, farm size decreases along with productivity and income generation capability. Due to diminishing income from the farms, most growers in the region hold jobs in other professions; live in the city of Ordu or other cities; and rely on the hazelnut harvest to generate additional income. Their children tend to study and live in the big cities and are not likely to continue farming in the future. Some growers foresee that farms will get smaller and ultimately developed for other uses. The harvest is often conducted

labor force (when family labor is insufficient) is used during most of the year. Demand for workers other than family members comes mostly from garden owners who do not reside near their gardens and those with plots larger than 15-20 decares. Finally, there are some garden owners who use sharecroppers¹² to work their land if they do not have time to dedicate to the gardens. Harvesting is the most labor intensive task in hazelnut production and is done in diverse ways using different forms of labor¹³.

- 1 Hazelnut harvested by household and family labor,
- 2 Hazelnut harvested by sharecroppers,
- 3 Hazelnut harvested by local labor (from the same region where the gardens are located),
- 4 Hazelnut harvested by seasonal migrant local labor,
- 5 Hazelnut harvested by foreign migrant labor.

If a garden is small, harvesting may be fully handled by household/family labor and there may be no need for other workers. Field survey suggest that average plot size is around 8-10 decares. Owners who do not live near their gardens (they live in another city in Turkey or abroad) or have no time or are too old to take care of their plots, either work with a

collectively, following the tradition of the grower's family working with local workers. The shortage of local workers has led growers to look for alternative labor, which includes domestic migrant workers as well as foreign migrant workers from Georgia. (Excerpts from the Fair Labor Association's Reports on hazelnuts available at http://www.fairlabor.org/ search/node/hazelnuts)

12 A sharecropper is a tenant farmer, someone who works land that's rented from its owner. Typically, a sharecropper pays the landowner with part of the harvest, rather than money.

13 Development Workshop (2012). Model Action Plan for Children Working in the Harvesting of Hazelnuts in Turkey: Intervention Program for children (6-14 Age Group) Affected by Seasonal Agricultural Migration. sharecropper¹⁴ or recruit local, seasonal or foreign migrant workers. Although this is a declining practice, some garden owners employ local workers who live in nearby villages or settlements and return home after daily work or stay in facilities at the gardens for a short period of time during the harvest period. Some of these local workers may have their own hazelnut gardens as well. These workers reside mostly in settlements at higher altitudes. They first work in orchards at lower altitudes for wages or as sharecroppers, and later harvest their own crop from gardens located at higher altitudes¹⁵.

Orchard owners who have plots larger than 15-20 decares but cannot find local workers, and those who live outside the region, tend to employ seasonal migrant workers from other provinces or countries. Amongst the in-country migrant workers, many belong to the Kurdish community of Turkey community and originate from the South East part of Turkey, mainly from the Şanlıurfa area.

Foreign migrant workers mostly consist of:

- Georgians entering Turkey with tourist visas and returning to their home country after the harvest; and
- 2 Syrian refugees.

14 As is the case in many other crops, sharecropping is the practice of doing all that is necessary for the production of hazelnuts and providing half of inputs such as fertilizers and pesticides/herbicides, while sharing half of total hazelnut output with the owner of the plot. This arrangement qualifies the nature of mutual relations. There is no study or data on the prevalence of sharecropping in hazelnut culture. Development Workshop's field surveys suggest that it is spreading.

15 In Turkey, hazelnuts are generally harvested in late July-August until mid-September. The harvest of hazelnuts generally lasts for 30 - 45 days and starts in the plantations that are at sea level and continues up towards the higher slopes. The timing of the harvest is determined by weather conditions (temperature and rainfall). The hazelnut yield reduces as the altitude increases. It is well-known that Georgians work illegally and informally.¹⁶ Although Syrian refugees are allowed to work in Turkey in the agriculture sector¹⁷, this employment needs to take place within the quota set by the Governor of the province concerned and upon the approval of the Provincial Directorate of Labor. However, this regulation is not yet in effect as no quota has been set by any of the governors yet.

Wage rates in hazelnut farming are set annually in July by provincial committees headed by Deputy Governors, in which representatives of relevant organizations and agencies participate. The wage that is set by this process is essentially a minimum wage. Not considered are factors such as number of working days in a month, pay for work on weekends and holidays, a working day of 8 hours, and overtime pay. Thus, the procedure boils down to setting the daily wage, including the share received by the middleman (labor contractor). Since enterprises in the agriculture sector generally employ 50 or fewer workers and are out of the scope of the Labor Code, there is no legal obligation to cover social security payments and other benefits to workers.

Although in principle wage rates should apply to all workers, in practice different wages are paid to local workers, seasonal migrant workers and foreigners working in the harvest. The local workers are paid the highest rate, followed by migrant workers from abroad; seasonal migrant workers from other parts of Turkey are paid the least.¹⁸

16 Development Workshop (2016). Poverty, Rivalry and Antagonism: The Report on the Present Situation of Foreign Migrant Workers in Seasonal Agricultural Production in Turkey.

17 https://static1.squarespace.com/static/506c8ea1e4b 01d9450dd53f5/t/570ebcf01bbee0bc27a2fdb5/1460583665950/ 20160414+Turkey.pdf

¹⁸ Ulukan U., Ulukan N.C. Labor Relations and Seasonal Workers in Hazelnut Production: A Case Study of Persembe. Workers engaged in hazelnut harvesting have long working hours, sometimes starting at 7:00 hours in the morning and stopping at 19:00 hrs. Local workers engaged in the harvest stay in their own homes, while seasonal migrant workers stay in facilities provided by their employers, tents they set on the land of employers, or temporary facilities provided by the governorate. Workers from Georgia stay in facilities in gardens or in houses at district centers rented by foreign agricultural labor contractors.¹⁹ Electricity, toilets and running water are provided at temporary boarding facilities. In addition, small groups that come independently, not through agricultural intermediaries in Sakarya and Düzce, also stay in primitive conditions in tents. Workers living in tents or houses allocated by garden owners generally have limited access to electricity, toilets, running water and other basic services.

In provinces where hazelnut is grown, there are Seasonal Migrant Agricultural Workers Monitoring Boards that discuss and take decisions on such issues as provision of decent housing opportunities for seasonal workers, services to be delivered in these facilities, prevention of employment of children under 16 years in harvesting activities, and setting wages for harvesting workers.²⁰ These boards generally meet a month before the harvest season. However, there is no mechanism to check, monitor and evaluate whether the decisions they

19 Development Workshop (2016). Poverty, Rivalry and Antagonism: The Report on the Present Situation of Foreign Migrant Workers in Seasonal Agricultural Production in Turkey.

²⁰ Monitoring Boards are established on the basis of Prime Ministerial Circular no. 2005/05 on Service Model for Children Working/Living in Streets and Circular no. 2010/06 on Improving Working and Social Life of Seasonal Migrant Agricultural Workers. have taken are actually implemented. To be sure, decisions taken by these boards are important in terms of sustainable hazelnut production, but their effectiveness is questionable.

1.2.3 Child Labor in the Hazelnut Supply Chain

Under Article 71 of the Labor Code no. 4857, employment of children under age 15 in Turkey is prohibited. The same legislation, however, provides for the employment of children who have completed the full age of 14 under specific circumstances (see Box 1).

In the "Regulation on Principles and Procedures Relating to the Employment of Child and Young Workers", work in which children may be employed and working conditions are specified by age groups. According to this regulation, children who have completed age 14 and compulsory education may be employed in agricultural work such as picking fruits, vegetables and flowers that do not involve risks such as falling or being injured by equipment.

In 2001, Turkey acceded to ILO Convention No. 182 Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor. In the Time-Bound Policy and Program Framework for the Elimination of Child Labor prepared by Turkey in 2004 in the context of ILO Convention 182, child labor in seasonal migrant agricultural works was defined as one of the worst forms of child labor, and employment of children under age 18 in such works was prohibited. Children involved in hazelnut harvesting as seasonal migrant workers fall within this scope.

Box 1

Work Age and Prohibition of Child Labor

Article 71 – (Amended first paragraph: 4/4/2015-6645/article 38) Employment of children who have not completed the age of fifteen is prohibited. However, children who have completed the full age of fourteen and their primary education may be employed on light works that will not hinder their physical, mental and moral development, and for those who continue their education, in jobs that will not prevent their school attendance. However, children who have not completed the full age of fourteen may be employed in artistic, cultural and advertising activities that will not hinder their physical, mental and moral development and that will not prevent their school attendance, on condition that a written contract is entered and permission is obtained for each activity separately.

In Turkey, specific programs to address the problem of child labor started in 1992 through the ILO's International Programme on the Elimination of Child Labor. Under this program, statistical data on the state of child labor in the country were published in 1994, 1999, 2006 and 2012. According to 2012 data, 5.9 percent of all children in the age group 6-17 (893,000 children) were engaged in "economic activities"²¹. Of these children, 400,000 were in agriculture, 217,000 in industry, and 277,000 in the services sector.

Considering that the survey underlying these data is administered within the first weeks of

²¹ Economic activity: All activities carried out for wage, profit or earnings of a family (including unpaid domestic works). Economic activity also cover the following activities performed or assisted to the performance of: Collection from nature some crops that are not sown; collecting or cutting wood; hunting; grazing animals; milking and producing butter, cheese etc.; harvesting, grinding grains; feeding poultry animals; collecting eggs as well as carrying weighty items of persons other than household members, washing their cars, etc. (TÜİK, Working Children, 2012) October, November and December, they do not reflect the presence of children in seasonal migrant agricultural activities. Even this incomplete data, however, shows that hundreds of thousands of children work to earn money. There are yet no satisfactory and in-depth studies on the effects of working on children's physical and cognitive development, their education and health status.

Several studies indicate that child labor is used in the hazelnuts harvest, particularly in the form of seasonal migrant agricultural labor.²² In general, children of families participating in hazelnut harvesting are mostly from the eastern and south-eastern provinces. Families often make employment of their children over age 12 a precondition for them to work in the gardens.²³

The employment of children as seasonal migrant workers in hazelnut harvesting in Turkey first drew public attention in 2010 when a news documentary titled "Children of the Season" by a Dutch journalist was aired on Dutch television²⁴. In 2011 the Stop Child Labor (SCL) Coalition conducted a fact finding mission of the hazelnuts sector in Turkey²⁵ and launched a massive

22 Development Workshop (2014). Findik Hasadinin Oyunculari: Bati Karadeniz İllerinde Findik Hasadında Yer Alan Mevsimlik Gezici Tarım İşçileri, Çocuklar, Tarım Aracıları ve Bahçe Sahipleri Temel Araştırması.

Development Workshop (2016). Poverty, Rivalry and Antagonism: The Report on the Present Situation of Foreign Migrant Workers in Seasonal Agricultural Production in Turkey.

Development Workshop (2012). Model Action Plan for Children Working in the Harvesting of Hazelnuts in Turkey: Intervention Program for children (6-14 Age Group) Affected by Seasonal Agricultural Migration.

23 Support to Life Association (2015). Seasonal Migrant Agricultural Workers 2014 Survey Report.

- 24 http://nextinline.eu/three-tons-of-nuts-for-cinderella/
- 25 http://www.iuf.org/sites/cms.iuf.org/files/Report. delegation.Turkey.Hazelnut.sept_.2011.pdf

campaign in Europe that targeted multinational companies, asking them for transparency in their supply chain and addressing child labor issues²⁶. Nestlé was the first company to have its hazelnuts supply chain in Turkey independently monitored by the Fair Labor Association in 2011. An assessment report and the corresponding Nestlé action plan were published in March 2012²⁷. Subsequently many other companies²⁸ (national and transnational) that purchased and/ or use hazelnuts started taking active part in addressing child labor issues in their hazelnuts supply chain.

Since then, new projects and programs regarding child labor in the hazelnut sector have been introduced and conducted²⁹, including surveys on worst forms of child labor and workers' rights³⁰, initiatives to prevent child labor, approaches to improve working and living standards, internal monitoring and supervision, and implementation of various certification models³¹.

Limited research is available around child labor issues in family enterprises, use of local children (coming from the same region and communities where the gardens are located), and child labor in sharecropping practices, since no field surveys exist that capture this information. It is observed

26 http://www.indianet.nl/hazelnuts.html

27 http://www.fairlabor.org/report/assessment-hazelnutsupply-chain-and-hazelnut-harvest-turkey

28 http://www.lindt-spruengli.com/sustainability/ sustainably-sourced/hazelnuts/

29 http://caobisco.eu/caobisco-chocolate-biscuitsconfectionery-europe-page-19-Public-Private-Partnership-in-Turkish-Hazelnut-sector.html#.WPNrOxhh28U

30 http://www.hayatadestek.org/media/files/150804_ mevsimlik_gezici_işçi_rapor_ing_final.compressed.pdf

31 https://utzcertified.org/nb/newsroom/utz-in-thenews/26584616-utz-certified-launches-sustainable-hazelnutsfarming-initiative-in-turkey?offset=235 that among foreign migrant workers, Georgians do not bring their children. For Syrian refugees, recent studies³² and investigations have highlighted high prevalence of child and forced labor issues, but the extent of Syrian workers employed in the hazelnuts sector remains difficult to determine.

1.2.4 Forced Labor and OtherWorking Conditions in the HazelnutSupply Chain

ILO Conventions 29 Concerning Forced or Compulsory Labor, 1930 (and the Protocol of 2014 to this Convention) and 105 Concerning Abolition of Forced Labor, 1957 define the international legal framework for forced labor.

II O Convention 29 defines forced labor as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily". ILO Convention 105 further requires each member State that ratifies the Convention to suppress and not to make use of any form of forced or compulsory labour (a) as a means of political coercion or education or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system; (b) as a method of mobilising and using labour for purposes of economic development; (c) as a means of labour discipline; (d) as a punishment for having participated in strikes; or (e) as a means of racial, social, national or religious discrimination.

32 https://www.imi.ox.ac.uk/publications/how-do-syrianrefugee-workers-challenge-supply-chain-management-inthe-turkish-garment-industry Turkey ratified ILO Conventions 29 and 105 in 1998 and 1965, respectively, but to date has not reatified the Protocol to the Convention 29, which aims at enhancing efforts to eliminate forced labor by addressing implementation gaps in terms of prevention, victim protection, compensation, enforcement, policy coherence and international cooperation.

In accordance with the above international framework, forced labor is prohibited by Article 18 of the Turkish Constitution, which states that "No one shall be forced to work. Forced labor is prohibited." Articles 80 and 117 of the Penal Code no. 5237 further impose penalties for (1) any person who violates freedom of work and labor by using violence or threat or performing an act contrary to the law, (2) any person who employs helpless, homeless and dependent person(s) without payment or with a low wage incomparable with the standards or forces him to work and live under inhumanly conditions, (3) any person who provides or transfers a person from one place to another to have him live and work under the above-mentioned conditions. (4) any person who unlawfully increases or decreases the wages, or forces employees to work under the conditions different than that of agreed in the contract, or causes suspension, termination or re-start of the works.

Forced labor is prohibited and penalized by Turkish legislation as described above. However, because the Labor Act no. 4857 does not cover monitoring of workplaces employing fewer than 50 people, hazelnut farms for the most part are excluded from inspection in this sense.

Common practice is for workers in cracking and processing activities in the hazelnut supply chain to be employed formally and have written contractual agreements with the employers. There have been no reports of child or forced labor at these workplaces. Workers are free to resign or change their jobs any time; the overtime work is paid as per the legal requirements; and workplace conditions and standards are in compliance with local labor law. It is to be noted that workplaces employing more than fifty workers are monitored by the labor inspectors from the MoLSS³³.

In the upstream parts of the hazelnuts supply chain, where *manavs*³⁴ (intermediaries closer to the farmers) operate, temporary business relations prevail, and workers are employed in the loading and unloading of hazelnuts without formal contracts. There are no existing surveys on forced labor for this part of the supply chain.

During the most labor-intensive harvesting period, foreign migrant workers, local workers and seasonal migrant workers engaged at the gardens are principally supplied by agricultural labor contractors³⁵ or recruited by garden

33 4857 Turkish Labour Law - Chapter 7: Supervision and Inspection of Working Conditions http://turkishlaborlaw.com/ turkish-labor-law-no-4857/19-4857-labor-law-english-byarticle#97

³⁴ Manavs are the mediators between growers and crackers/ processors and play an important role in the hazelnut supply chain by facilitating relations between growers and processors. *manavs* buy hazelnuts from the growers and sell them to crackers/processors. Some *manavs* even make advance payments to growers so that they can pay for labor and other inputs. The *manavs* are responsible for quality control and weighing the product; the price is not fixed and is based on quality. Some growers sell directly to processors and do not go through *manavs*.

35 Labor contractors provide domestic migrant workers for the hazelnut harvest in the Black Sea region. Their work consists not only of supplying workers, but also of providing their transportation to the farms; taking workers to health clinics if needed; solving any conflicts between workers and growers; and arranging the workers' payments by transferring money from growers to supervisors. Most of the labor owners through their personal relations. Other workers, including foreigners, arrive at the harvest areas and seek harvesting jobs without any connection or engagement.

Seasonal migrant workers enter into verbal agreements with garden owners directly or via labor contractors. The agreements cover topics such as daily working hours, wages, and housing facilities, if any. Field surveys conducted by the Development Workshop in the past several years have never found any employer who has entered into written and formal contract with workers. In some cases, a supervisor is the head of a team of domestic seasonal migrant workers³⁶.

³⁶ Supervisors are contacted by labor contractors and asked to organize teams of workers. The supervisors serve as the direct contact for the labor contractors throughout the harvest period. The workers and the supervisor are normally relatives or from the same village. The supervisors are responsible for managing the workers during working time and dividing the responsibilities between the different members of the team. The supervisors are also responsible for distributing the wages, paying them to the oldest male member of a family in the team By and large the working conditions of hazelnuts harvest workers include³⁷:

- An average work day of ten hours. Overtime work may be demanded by employers and usually occurs at the end of the harvest, when very little time is left for the completion of harvesting work. Compensation for overtime depends upon the verbal agreement between the two parties.
- Workers earn on a daily basis, and hence they work continuously without taking time off for weekends, holidays or any other form of leave. They are not paid for days they do not work.
- Garden owners pay workers directly if there are no labor contractors involved. Otherwise labor contractors receive the payment from the garden owners and pay workers. Field studies conducted so far have not revealed any case of workers being denied wages earned.³⁸
- In some cases, labor intermediaries have kinship relations with seasonal agricultural workers. Seasonal migrant local laborers

or in the hometown. Local workers also have supervisors in each team who act as both labor contractor and supervisor. The local supervisor is the direct contact of the grower and he is the one who receives and distributes the wage payments.

37 Development Workshop (2014). Findik Hasadinin Oyunculari: Bati Karadeniz İllerinde Findik Hasadında Yer Alan Mevsimlik Gezici Tarim İşçileri, Çocuklar, Tarim Aracıları ve Bahçe Sahipleri Temel Araştırması.

Development Workshop (2016). Poverty, Rivalry and Antagonism: The Report on the Present Situation of Foreign Migrant Workers in Seasonal Agricultural Production in Turkey.

Development Workshop (2012). Model Action Plan for Children Working in the Harvesting of Hazelnuts in Turkey: Intervention Program for children (6-14 Age Gruoop) Affected by Seasonal Agricultural Migration.

38 Please see section on payment advances below.

contractors are located in cities in the Southeast of Turkey, from where they recruit domestic migrant workers. Many of them have been doing this work for years. The labor contractors are, in fact, the employers-they hire the workers, pay them, and sometimes even supervise them. There are two types of labor contractors: (1) those operating with a license from the Employment Agency; and (2) those operating without a license. According to local law, holding a license is mandatory and the police can penalize unlicensed labor contractors. Some labor contractors work in close cooperation with the Chamber of Agriculture. This informal arrangement gives them privileged access to the list of growers requiring workers, a list not available to other labor contractors. These labor contractors travel to Ordu (or other regions where hazelnuts are produced) approximately 4-6 weeks before the harvest to make contact with the growers. The bus terminal is the meeting place where they discuss the demand for workers before going back to their city to recruit teams, working through the supervisors. Labor contractors often have kinship relations with the workers they recruit. Just before the harvest, they bring the workers to Ordu and locate them on or near the farms. The labor contractors receive a 10 percent commission, which is deducted from the workers' wages. (Excerpts from the Fair Labor Association's reports on hazelnuts available at http://www.fairlabor.org/ search/node/hazelnuts)

sometimes prefer to have contractors hold their wages, and do not collect immediately the amount that they have earned during the harvest. The intermediaries often lend money during the winter to those who are short on money and bind them for agricultural work to be done in the summer. Labor contractors often extend advance payments to workers. These advances mean that: (1) the seasonal migrant agricultural workers, who often belong to the poorest segments of society, have guaranteed work and income; and (2) garden owners (employers) are informed that workers who will work on their gardens have already been found. Field experience and earlier studies conducted by the DW³⁹ suggest that workers are free to return these payments and decide not to work.

 Labor contractors receive commissions based on the number of workers they provide taken from the payment made by the garden owners to the workers. This is common practice. This commission traditionally (and legally) is 10 percent of a worker's daily wage. In the Çukurova region, for example, workers' wages and labor contractors' commission rates are declared separately. In hazelnut harvesting, workers' wages are declared plainly as "daily wage rate" and the level of the commission of the labor contractors depends upon their relation with workers. However, it is to be noted that most of the independent external monitoring conducted by the FLA⁴⁰ found that the garden owners tended to only pay the minimum wages to the labor contractors for

the employed workers, and the 10 percent commission is deducted from these wages, so that the net wages received by workers fall below the legal minimum levels.

- The degree of isolation of workers is a function of where they work and stay. During the daylight hours, they work in the gardens, and after work return to the places where they temporarily reside. These places can be far from towns, generally near the gardens when the housing is provided by the employer, or in camps where workers stay together. Workers have the choice to leave, but if their location is far from a town or settlement, it is costly for them to do so as they do not have their own vehicles and it may be difficult to find transportation.
- Seasonal migrant workers employed in hazelnut harvesting are free to end their work at any time they wish. What ties them to the work is their meager means of subsistence and lack of savings. In addition, given that their wages are usually paid by the labor contractor at the end of the season, and often they already had advance payments from such contractors, they may feel obligated to stay for the season.
- All workers employed in farms employing fewer than 50 workers, whether domestic, internal migrants or foreign workers, do not have rights such as social security benefits and health care.

The employment of foreign workers from Georgia (mostly in the Eastern Black Sea Provinces) without proper legal documentation presents serious risks to both the workers and the employers. In 2016, garden owners

³⁹ Ibio

⁴⁰ http://www.fairlabor.org/report/2015-assessments-shared-hazelnut-supply-chain-turkey

employing foreigners without permission were fined 6,000 TL (USD 2,000) for each illegal worker and the workers were deported. For Georgian workers, there have been no reported cases of employers or contractors withholding their passports or other identification documents that would restrict their movement. Workers from Georgia have the same working and living conditions as other workers. However, foreign workers tend to work under fear given the possibility of being spotted by the Turkish security forces and deported. Studies on the issue of forced labor and unethical recruitment practices are quite limited in Turkey, while studies on forced labor in the agriculture sector by crops and forms of labor are totally absent. Hence, there is need for studies on forced labor in the hazelnut supply chain. In particular, there is need to establish standards and indicators on forced labor that the firms in the supply chains can use to identify the risks and cases of forced labor.

Box 2

FLA's Additional Assessment on Forced Labor

The data presented in this box was collected as part of due diligence activities conducted by the FLA in the farms, and not as part of the IS Baseline conducted by Development Workshop.

FLA, together with one of its project implementing partners, Genç Hayat Foundation (GHF), collected field-level data in 2016 during the harvest season (July-August 2016). Face-to-face surveys were conducted in Düzce and Ordu with seasonal migratory agriculture workers. This was done to get insights into their socio-economic conditions and seek their views on how future interventions could be shaped that would be best suited for their needs. As a result, a total of 81 local and seasonal agricultural worker families were interviewed. Respondents were selected randomly from the gardens supplying hazelnuts to Nestlé through its two main first-tier suppliers, Olam-Progida and Balsu The survey was prepared jointly by FLA and GHF and was approved by the United States Department of Labour (USDOL).

A total of twelve (12) forced labor indicators were included in the survey: confiscation of identity papers or travel documents; withholding of assets (cash or other); financial penalties; forced overtime (beyond legal limits); limited freedom of movement and communication; induced or inflated indebtedness; violence against workers (in isolation or in front of other workers); constant surveillance; withholding of daily wages; forced to stay longer than agreed while waiting to be paid; forced to work for indeterminate period in order to repay outstanding debt or wage advance; and threats against family members. The survey identified a total of 38 workers (47 percent) who were subjected to more than one type of the forced labor indicators mentioned above. Issues that were shared by more than one worker were: forced overtime (beyond legal limits), limited freedom of movement and communication, violence against in front of other workers, constant surveillance, withholding of daily wage, forced to stay longer than agreed while waiting to be paid, forced to work for indeterminate period in order to repay outstanding debt or stay longer than one worker were: forced overtime (beyond legal limits), limited freedom of movement and communication, violence against in front of other workers, constant surveillance, withholding of daily wage, forced to stay longer than agreed while waiting to be paid, forced to work for indeterminate period in order to repay outstanding debt or wage advance, and confiscation of identity papers or travel documents. When the indicators are benchmarked against the ILO's "Hard to See and Harder to Count" forced labor indicators, 9 potential cases of forced labor were identified.



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- The vast majority of the seasonal agricultural workers were not exposed to the most severe forms of forced labor-related violations at the workplace, like confiscation of identity papers or travel documents (7.41 percent), violence against worker in front of the other workers (4.94 percent), withholding of daily wage (4.94 percent) and being forced to work to clear a debt (7.41 percent). Nonetheless, the percentages are relatively high and a source of concern.
- The share of workers who suffer from constant surveillance (41.98 percent) and were forced to work overtime beyond limits (48.15 percent) are alarming. Many interviewed workers do not consider themselves as forced to work beyond legal limits even though they work more than 8 hours per day.
- The percentage of workers who stated they were being limited in their freedom of movement and communication was 10 percent
- Three quarters (75 percent) of the workers did not have any knowledge about labor laws and regulations for the agricultural sector.

This study was conducted as a needs-assessment and not to identify the prevalence of child or forced labor. The results of the needs-assessment assisted the FLA in understanding potential indicators and to refine and contextualize the indicators. For instance, withholding of daily wage alone does not determine that there is forced labor, but when put together with other indicators it could be part of a control mechanism that the employers use to deal with workers. During the in-depth interviews, workers mentioned that they prefer to be paid at the end of their work as there are risks of theft of money. Workers usually stay in the tents, which are not equipped to keep their valuables safe.

1.2.5 Possible Impacts of RecentDevelopments on the TurkishHazelnut Sector

Several recent developments may potentially affect the hazelnut supply chain in Turkey. These developments can be listed under four major headings:

- 1 Legislative developments
- 2 Socio-political situation in South-Eastern Anatolia
- 3 Syrians under temporary protection
- 4 Visa exemption to be granted to Georgians by the European Union

Legislative Developments

An amendment to Article 7 of the Labor Code no. 4857, effective as of May 20, 2016, states that temporary employment relations will be set up in seasonal agricultural activities through private employment agencies. On the same date, the following addition was made to Article 20 of Law no. 4904 on Turkish Employment Agency⁴¹:

The following administrative fines are applicable: 10,000 TL to those engaged in job brokerage in agricultural works without having the permission of the agency or without renewing any expired permission; 500 TL for each worker to agricultural middlemen who do not enter into contracts with agricultural workers or do not submit the contract acted to the Agency.

41 Amendments to both pieces of legislation are provided for by the Act on Amendments in Labor Code no. 6715 and in the Law on Employment Agency published in the Official Gazette dated 20 May 2016. http://www.resmigazete.gov.tr/ eskiler/2016/05/20160520-24.htm (Accessed: 23 August 2016) At present it is difficult to determine how these amendments may affect the hazelnuts sector. It is yet unknown how the draft regulation⁴² on the functions of private employment agencies, in the light of amended legislation, will cover agricultural workers. It is also uncertain whether the Regulation on Job Mediation in Agriculture will be modified in this context. Despite this, it can be said that it will not be easy to have the temporary employment relations envisaged in this legislation established in seasonal agricultural works by private employment agencies or to have middlemen establish private employment agencies in line with the legislation. There is a need to follow developments in this area closely.

Another legislative development occurred In May 2016, when the Turkish parliament passed the "labor-for-rent and flexible work" law, also called the "slavery law" by the labor unions⁴³. The regulation deals with "temporary agency work" that is both insecure and short-term. Again the effects of this law on hazelnuts sector workers need" to be monitored.

Socio-Political Situation in South-Eastern Anatolia

The majority of seasonal migrant workers employed in hazelnut harvesting are Kurds, from

⁴² http://www.sabah.com.tr/ekonomi/2016/08/15/issizlige-1-yil-siniri-geliyor (Accessed: 23 August 2016)

⁴³ Confederation of Progressive Trade Unions of Turkey (DISK) and the Confederation of Turkish Trade Unions (TÜRK-İŞ) strongly disapproved of the new regulations, arguing that the proposed system – which they described as "slavery" – was against the European Convention on Human Rights. http:// independentturkey.org/the-new-labor-law-a-shortcut-to disempowerment/#g4RDBQhQI8jZcl8E.99

Turkey's Eastern and South-Eastern provinces. The conflicts that prevailed in the Eastern and South-Eastern regions in 2016 have created social tension in the areas where Kurdish people work⁴⁴. There are predictions that workers originating from those regions may decrease in the future and they may be replaced by Georgian workers. On August 22, 2016, a fight broke out between harvesting workers from Diyarbakır and garden owners in Ordu, for reasons that are still unclear. There were injuries and the facility where workers stayed was stoned.45 It is reported that in security-related meetings involving government officials in the Western Black Sea region, decisions are being taken to ensure that migrant workers stay in facilities provided by the garden owners instead of camping in groups.

Syrians under Temporary Protection

The Regulation on Work Permits to Foreigners Under Temporary Protection, adopted in January 2016, accords work permits in agricultural or animal husbandry-related activities to foreigners under temporary protection. Applications for permits have to be made to provincial governorates. The MoLSS is authorized to regulate foreigners in seasonal agriculture or animal husbandry in terms of eligible provinces and quotas.

Though it is possible to come across Syrian families in workers' camps, it is observed that there is no willingness to employ Syrians among garden owners to employ Syrians. Furthermore, provincial governorates have yet to set quotas for foreigners under temporary protection. It can be said that Syrian families who are involved in seasonal agricultural work, usually prefer to work in agricultural areas where they can work continuously in a variety of agricultural commodities rather than in areas where there is only hazelnut harvesting. Finally, there is no application process yet to Provincial Directorates of Labor and Employment for Syrians to work with official permission.

Visa Exemption to be Granted to Georgians by the European Union

Another arrangement that may affect employment in hazelnut harvesting in the future is the recent EU initiative for visa exemption with Georgia. Since visa exemptions for Georgians to access European Union countries have been granted, there is the possibility that some Georgians currently coming to Turkey for hazelnut harvesting might instead choose to go to EU countries for employment. Were this to happen, it is expected that Syrian refugees and local labor would replace Georgians in hazelnut harvesting.

⁴⁴ http://www.euronews.com/2016/06/10/kurdishmilitants-claim-istanbul-blast-and-warn-tourists-turkey-isnot-safe

⁴⁵ http://www.diken.com.tr/orduda-mevsimlik-iscilerleciftciler-arasinda-kavga-muhtar-ve-agabeyi-bicaklandi/ (Accessed: 23 August 2016)

2 OBJECTIVE AND METHODOLOGY

2.1 Objectives of the Institutional Survey-Baseline Assessment

Institutional Survey-Baseline Assessment (IS Baseline) for Nestlé and its two suppliers, Olam-Progida and Balsu, has five main objectives:

- 1 Provide an overview of and analyze project partner companies' internal policies, procedures, and management systems related to the prevention, monitoring and remediation of child and forced labor in the hazelnut supply chain in Turkey in comparison with the USDA Guidelines.
- 2 Outline and understand the division of labor between the international, national and regional offices of the partner companies related to the prevention, monitoring and remediation of child and forced labor.
- 3 Assess the capacity within each company to scale-up these activities within their individual hazelnuts supply chains in other locations.
- 4 Determine the strengths and weaknesses within each company's systems and corresponding capacity-building needs.

5 Assess knowledge, attitude and practices (KAP) of relevant positions (employees, head of departments and senior managers) towards sustainable child labor and forced labor prevention, remediation and risk mitigation.

2.2 Institutional Survey-Baseline Assessment Methodology

To conduct the IS Baseline, a survey framework was developed based on the USDA Guidelines and the FLA Internal Monitoring System Instrument (used for the agriculture sector). Information from the following documents was drawn upon to inform the framework development:

- FLA Principles of Fair Labor and Responsible Sourcing for Companies with Agricultural Supply Chains¹
- FLA Definitions document on Child Labor and

¹ http://www.fairlabor.org/sites/default/files/agriculture_ principles_of_fair_labor_and_responsible_sourcing_ october_2015_0.pdf



Forced Labor (offline document, prepared as part of the USDOL-funded project and made available by project staff)

- FLA Agriculture Sector Monitoring Guidance Document (offline document made available by the FLA staff)
- FLA Workplace Code of Conduct and Compliance Benchmarks²
- UNICEF Children's Rights and Business Principles³
- ILO Child Labor Guidance Tool for Business⁴
- Relevant national and international legal frameworks, such as ILO Conventions⁵ and the UN Convention on the Rights of the Child⁶.

http://www.fairlabor.org/sites/default/files/fla_ agriculture_code_of_conduct_and_benchmarks_october_2015. pdf

³ https://www.unicef.org/csr/css/PRINCIPLES_23_02_12_ FINAL_FOR_PRINTER.pdf

4 http://ilo.org/ipec/Informationresources/WCMS_IPEC_ PUB_27555/lang--en/index.htm

⁵ http://ilo.org/global/standards/introduction-tointernational-labour-standards/conventions-andrecommendations/lang--en/index.htm

6 http://ec.europa.eu/justice/fundamental-rights/rights-

- There are six major areas of analysis in the framework:
- 1 Child and forced labor standards
- 2 Communication
- 3 Supply chain mapping and risk analysis
- 4 Monitoring and complaint mechanisms
- 5 Remediation
- 6 Internal process review

After establishing the survey frame, 145 indicators were developed under 34 questions to create an *assessment tool – field level survey* to analyze the practices of the project participating companies. The assessment framework was developed in light of the USDA Guidelines, the FLA Independent Monitoring Survey Instrument, and other related documents, including national and international legislation.

A four-stage data collection methodology was developed:

- 1 Desk- based research
- 2 Semi-structured interviews with mid-level managers

child/index_en.htm

- 3 Questionnaire administered to field workers
- 4 Semi-structured interviews with manavs

2.3 Data Collection

In the context of the IS Baseline, detailed deskbased research was first conducted to assess whether through the examination of written documents, the identified indicators are present in the companies' policies and procedures. Secondary data was collected from the following documents:

- Companies' codes of conduct (and related documents, including ethics policy, workplace rules, human rights policy, etc.)
- Companies' supplier codes
- Organizational chart and terms of reference for the team within each company in charge of implementing standards
- Copies of contracts made with workers, producers, middlemen and suppliers
- Training programs and materials of trainings delivered in relation to standards
- Guides/instructions and promotional materials related to complaint mechanisms
- Informative materials related to standards
- Monitoring indicators and reports
- Remediation plans and reports
- Companies' websites
- Annual reports prepared by the companies for the FLA
- FLA's reports prepared on companies' programs

- FLA's IMS (Internal Monitoring System) reports
- FLA's IEM (Independent External Monitoring) reports
- Companies' Headquarter IS Baseline reports prepared as part of this project

Following the desk-based research, *semi-structured interviews* were conducted with *mid-level managers* of the companies to validate the findings of the desk review and field work in light of the assessment tool and to receive the opinions and views of mid-level managers on what may be lacking in implementation, and their recommendations for improvement. The titles/functions of mid-level managers to be interviewed (Table 1) were identified by the FLA.

After the semi-structured interviews with midlevel managers, field visits were conducted and *questionnaires* were administered to the companies' *field-level employees* responsible for implementing child and forced labor standards. The primary aim of this questionnaire was to assess the level of staff knowledge regarding the indicators in the assessment tool. The findings also contributed to the analysis of those indicators for which information could not be obtained through desk review or interviews with mid-level managers. The names of the field staff to be interviewed (Table-1) were provided by the companies.

Table 1. Interviews Conducted for the Institutional Survey-Baseline Assessment (2016)

| Method | Firm, Place | Person(s) Interviewed |
|---|------------------------------------|---|
| Semi-structured interviews with mid-level managers | Balsu Hendek, Sakarya | - Commodity Markets Manager - Quality Manager - General Manager's Assistant |
| | Nestlé İstanbul | Responsible Sourcing Coordinator |
| | Olam-Progida Ankara | Corporate Responsibility and Sustainability Manager |
| | Olam-Progida İstanbul | Country Head |
| Questionnaire interviews with field-level staff | Balsu Hendek | 5 field workers |
| | Olam-Progida Kocaali Giresun | 5 field workers |
| Semi-structured interviews with manavs | Balsu Düzce | 2 manavs |
| | Olam-Progida Giresun | 2 manavs |

Finally, *semi-structured interviews* were conducted with *manavs* with whom the companies are working to confirm some of the information obtained during interviews (questionnaire) with company staff. The *manavs* to be interviewed (Table 1) were selected by the field-level company employees. Primary data was collected by interviewing six managers, ten field level staff and four *manavs* working in the hazelnuts supply chains of all three companies. Where needed, the headquarter-level information was used to validate findings from the field level.



2.4 Data Analysis and Reporting

All data obtained from the desktop study, semi-structured interviews and questionnaire interviews were incorporated into the assessment tool and analyzed across companies.

For each question, the company received a company score based on its performance in relevant indicators. The score (out of 100) for each indicator was determined based on its potential impact and relative priority regarding the prevention of child labor and forced labor.

Besides the company score, each company was also assigned a staff score for each indicator. The staff score was calculated out of company score based on the percentage of employees that responded positively on related indicators.

Following the completion of data collection and analysis, three individual reports were prepared containing findings related to each company. The draft reports were presented to the companies for review; validation meetings were conducted with representatives of each company to discuss the main findings and collect their feedback. These meetings occurred in November and December 2016. The reports were then reviewed to take into account comments received and finalized.

2.5 Limitations of the Study

The main limitation of the survey was that during the data collection phase, the survey team only had access to the materials provided to them by the companies and the FLA. In some cases, a document may have existed but was not shared with the survey team at the time of the assessment due confidentiality policies of the companies. Thus, for example, if a company has a training program but the survey team was not provided with documentation on the training program, the assessment on a related indicator may be inaccurate (as the survey team allocated no points in cases where documents were not made available for review). To overcome this problem, whenever the required materials could not be obtained, this is noted in the assessment tool and company reports.

The second limitation was that the number of interviews conducted was fewer than planned.⁷ Interviews were conducted with all the company representatives identified by the FLA and/ or companies. However, the total number of interviews was not sufficient to conduct a thorough knowledge, attitudes and practices (KAP) analysis.

7 The preliminary methodology and plan of the study envisaged interviews with representatives from various departments from the companies, so as to understand the institutional integration of sustainability approaches within the companies. These departments included human resources, production management, and so on. However, the initial dialogue with the companies suggested that the sustainability systems are integrated to a great extent in sourcing and/or CSR departments of the companies and not in other departments. The companies suggested a reduction in the number of interviews with a focus on the most relevant company staff. As a result, the number of the interviews was reduced.

3 OVERALL EVALUATION OF FINDINGS

This section of the report starts with a short background on the three companies with special emphasis on their operations in the hazelnuts sector in Turkey. Then, all three companies are assessed with respect to each of the six areas of analysis that correspond to the USDA Guidelines, namely: (1) Child and forced labor standards; (2) Communication; (3) Supply chain mapping and risk analysis; (4) Monitoring and complaint mechanisms; (5) Remediation; and (6) Internal process review. It is to be noted that each of the companies received an individual score included in the individual company report. Here those scores are consolidated to present an overall view of the internal management systems to mitigate child and forced labor risks.

3.1 Nestlé, Olam-Progida and Balsu in the Turkish Hazelnuts Supply Chain

Nestlé is the world's largest food and beverages company, with annual sales turnover of US\$ 92.21 billion as of mid-2016¹. Among its wellknown brands are Nestlé, Nescafe, Kit-Kat, Haagen-Dazs, and Perrier. Nestlé has 447 owned factories in 86 countries around the world. It has sales (operations) in 196 countries. Globally, Nestlé procures directly from over 680,000 farmers (as part of its "Farmer Connect" program) and indirectly from about 1 million farmers through its tier 1 suppliers. The farmers supplying directly to Nestlé and to its tier 1 suppliers are covered by Nestle's Responsible Sourcing Programme. It is estimated that Nestlé works with about 165,000 suppliers globally. (More information about the company is available on their global² and Turkish websites³.) Several types of nuts are used in Nestlé products, with the bulk of hazelnuts sourced from Turkey. (Turkey provided 4 million kilograms of the total of 7 million kilograms of hazelnuts that the company used in 2015. The other two sourcing countries for hazelnuts are Italy and Spain.) Nestlé does not buy hazelnuts directly from hazelnut gardens in Turkey and procures processed nuts through its two main tier one suppliers, Olam-Progida and Balsu.

2 http://www.nestle.com

3 http://www.nestle.com.tr

¹ http://www.forbes.com/companies/Nestlé/



Olam International Ltd. (Olam)4 is an agribusiness company, headquartered in Singapore, sourcing from 4 million farmers globally. Olam-Progida is engaged in sourcing, processing, packaging and merchandising a range of products, including cocoa, coffee, cashew, rice, cotton, and edible nuts, including hazelnuts. Olam has a presence in 70 countries and supplies 16,200 customers globally. It operates through approximately 275 subsidiaries, with 62,500 full-time, contracted, casual and seasonal staff. Olam acquired several companies in recent years⁵. Olam began operating in Turkey in 2005, directly marketing cotton and sesame before commencing the export of pasta products to West Africa in 2009. Corporate offices in Turkey are located in Istanbul and Mersin. In 2011, Olam acquired Progida⁶ in Turkey to

4 http://olamgroup.com

⁵ Including Kayass Enterprises S.A. (Nigerian dairy products and beverages) in June 2012 and Dehydro Foods Ltd (an Egyptian processor of dehydrated onions and herbs) in November 2012. In 2013, the Company acquired Northern Coffee Corporation (Zambia coffee estate) and Sumber Daya (an Indonesian plantation Company). Most recently it acquired ADM Cocoa in 2015, making it one of the largest suppliers of processed cocoa.

 Progida was founded in partnership with the Pisani & Rickertsen Company in Istanbul in 1988. source and process hazelnut, with the company operating under the name Olam-Progida⁷. Olam-Progida has three hazelnuts nut cracking facilities in Turkey, 2 in the Western Black Sea region and 1 in Ordu, in addition to a hazelnut processing plant in Giresun. Olam-Progida is currently the second largest buyer of hazelnuts in Turkey⁸ after Ferrero⁹. Apart from the organic hazelnuts it buys directly from producers, Olam-Progida procures the rest of its produce through *manavs*.

Balsu was established in 1980 as A&C Marketing GmBh with the aim of exporting hazelnuts to Germany. Balsu established the Istanbul-Celaliye processing factory in 1985; this was followed by the Ordu factory (1989) and Sakarya Hendek factory (1996). Balsu's headquarters are located in Istanbul; the company has a liaison office in the United States. It is a family-run business

http://olamgroup.com/news/olam-enters-the-hazelnutsbusiness-with-the-acquisition-of-the-Progida-group/#sthash. I3UfQn2U.dpbs

⁸ http://olamgroup.com/wp-content/uploads/2014/02/ OLC-brochure-2015_screen.pdf

⁹ Ferrero is the largest buyer and consumer, taking 25 percent of the world's supply of hazelnuts, according to the Italian Trade Agency.

with most of the management positions held within the family; it employs 280 workers. Balsu has been amongst Turkey's top five hazelnut exporters since 1983, selling raw and processed hazelnuts to clients such as Ferrero, Unilever, Nestlé and Lindt. Balsu's supply chain in Turkey includes three main actors: crackers, *manavs* and growers. Balsu has a direct supplier called Nuteks, which provides Balsu with a list of growers and they are also in contact with *manavs* and other types of crackers. Balsu has also a list of growers from whom they source directly, according to the FLA.

As a consequence of the international focus on child labor and forced labor in the hazelnut sector described earlier in the report, Nestlé started to work with the FLA in 2011, when the FLA conducted an assessment of the hazelnut supply chain and harvesting. In 2012, Nestlé became the first food company to join the FLA. Olam-Progida and Balsu joined the FLA in 2012 and 2013, respectively. The FLA conducts independent external monitoring of the hazelnut supply chain of all three companies annually, against the FLA's workplace code of conduct and benchmarks for the agriculture sector, and makes the findings and corrective action plans publicly available on its website.¹⁰

3.2 Child and Forced Labor Standards

The objective of the USDA Guidelines is to ensure that the company standards on child labor and forced labor meet or exceed ILO standards and that the standards are articulated through a variety of means.

10 http://www.fairlabor.org/affiliate/nestle

Under this heading, companies' performance was assessed using 21 indicators under six main questions. Child and forced labor standardsrelated indicators can be found in Table 2.

Nestlé¹¹, Olam-Progida¹² and Balsu¹³ have adopted company codes of conduct and supplier codes that cover child and forced labor in addition to other labor standards¹⁴. Employment of children under 15 years of age is prohibited by all three companies, in line with Turkey's

Nestlé has formalized its policy for its suppliers in the social and environment areas through the following, (1) Nestlé Supplier Code (https://www.nestle.com/asset-library/ documents/library/documents/suppliers/supplier-codeenglish.pdf); (2) Responsible Sourcing Guidelines (http://www. nestle.com/asset-library/documents/library/documents/ corporate_social_responsibility/nestle-responsiblesourcing-guidelines.pdf); (3) Nestlé's Policy on Environmental Sustainability (http://www.nestle.com/asset-library/ documents/library/documents/environmental_sustainability/ nestlé%20policy%20on%20environmental%20sustainability.pdf)

12 Olam has issued a formalized commitment to establish sustainable relationships with its suppliers in its 2013 Livelihood Charter (http://olamgroup.com/ wp-content/uploads/2014/02/0LC-brochure-2015_ screen.pdf); and its Supplier Code of Conduct (http://49tmko49h46b4e0czy3rlgaye1b.wpengine.netdna-cdn. com/wp-content/uploads/2015/07/16507-0lam-Supplier-Code_v2_web.pdf). It also makes references to the standards in its 2013 Corporate Responsibility and Sustainability Report. In the new Olam Goals (http://49tmko49h46b4e0czy3rlgaye1b. wpengine.netdna-cdn.com/wp-content/uploads/2016/06/ Olams-Goals.pdf) they have set an internal target to eliminate child labor (indicator - no breaches in compliance reported or observed in audits) by 2020. As an Annex to the Olam Supplier Code, Olam has made a 'Child Labor Statement - Supplier Compliance' that demonstrates Olam's stands against child labor and forced labor.

13 Balsu has formalized its commitment to upholding labor standards through developing its own Code of Conduct and a Supplier Code. The Balsu Code is applicable in its processing units and operations while the Supplier Code is applicable to its hazelnut suppliers

14 Such as freedom of association and right to collective bargaining, child labor, forced and bonded labor, safety and health of workers, worker accommodation and basic service needs, working time, living wages, equal treatment, non-discrimination and harassment and abuse.

Table 2. Child and Forced Labor Standards Indicators

^{1.1} Do company rules (e.g. code of conduct, supplier rules, etc.) include standards on child labor that meet or exceed national laws on child labor?

^{1.1.1} Has the employment of children under the age of 18 years in the seasonal migrant agricultural labor been forbidden?

^{1.1.2} Has the employment of children under 15 years been forbidden in cases other than seasonal migrant agricultural labor (local or family labor)?

^{1.1.3} Is it clearly specified that children over the age of 15 cannot be employed more than 8 hours a day and in the evenings?

^{1.14} Is it clearly specified that the working conditions should not prevent the child's education and should not be harmful to the child's health and morals for children over the age of 15?

^{1.2} Do company standards cover children who do not work but accompany their families or relatives to work?

^{1.2.1} Do standards stipulate that living environments should meet minimum conditions (electricity, sanitation, cooking facilities, etc.)?

^{1.22} Do standards stipulate that living environments should include care, play and education services for non-working children whose families go to work?

^{1.3} Do company rules (e.g. code of conduct, supplier rules, etc.) include comprehensive and adequate provisions on forced labor?

1.3.1 Has work against the laborer's will (voluntary consent) been prohibited?

1.3.2 Has working on an advance by producers or intermediaries been prohibited?

1.3.3 Has work as punishment been prohibited?

1.3.4 Has work as a means of discipline been prohibited?

1.3.5 Has work as a means of ethnic, social or religious discrimination been prohibited?

^{1.4} Do contracts cover standards on child labor?

1.4.1 Are standards on child labor covered in contracts made with hazelnut producers?

1.4.2 Are standards on child labor covered in contracts made with hazelnut suppliers?

1.4.3 Are standards on child labor covered in contracts made with hazelnut workers?

^{1.5} Do contracts cover standards on forced labor?

1.5.1 Are standards on forced labor covered in contracts made with hazelnut producers?

1.5.2 Are standards on forced labor covered in contracts made with hazelnut suppliers?

1.5.3 Are standards on forced labor covered in contracts made with hazelnut workers?

^{1.6} Is there a unit or employee responsible for the implementation of standards on child labor and forced labor?

^{1.6.1} Has the role of the responsible unit or employees for the implementation of standards on child labor and forced labor been clearly defined?

^{1.6.2} Does the responsible unit for the implementation of standards on child labor and forced labor have a special budget allocation?

^{1.6.3} Have the role and responsibilities of departments / staff responsible for monitoring and providing technical support (on fertilizers, pruning, etc.) to producers been distinguished?

144 Are there orientation courses for company's new employees on child labor and forced labor standards?

national legislation and ILO Convention 138 on minimum age¹⁵. The Governorship of Ordu has set the minimum age for employment at 16, according to the minutes of a meeting convened for the "Determination of the Minimum Wages to be Paid to the Workers Working in 2012 Hazelnut Harvest".

Most hazelnut workers are seasonal migrant workers. Seasonal migratory agricultural work is defined as one of the worst forms of child labor in Turkey¹⁶ for anyone under the age of 18 years, after years as per Article 4 of ILO Convention 182. Nestlé and Olam standards restrict employment of children under 18 in seasonal migratory agricultural work in line with ILO convention and Turkish national law. Balsu's

16 Labor Act of Turkey, No. 4857, enacted May 22, 2003. https://www.ilo.org/dyn/natlex/docs/SERIAL/64083/63017/ F1027431766/TUR64083.PDF standard on child labor needs to be updated to include such a restriction.

All three companies specify minimum working conditions for children referring to the international legislation, but only Olam bans their employment in heavy works, at hazardous places, unhealthy conditions, and at night for young workers, including young workers involved in seasonal migratory agriculture work (between the ages of 15-18 years). Both Nestlé and Balsu need to update their standards on minimum working conditions (e.g., definition of hazardous and heavy work, working at night, after night etc.) for young workers, including young workers involved in seasonal migratory agriculture work (persons between the ages of 15 – 18 years) in line with ILO conventions and Turkish legislation. None of the companies has internal standards that define seasonal migratory labor for persons who are under 18 years of age as being engaged in a worst form of child labor as set out in Turkish legislation.

¹⁵ http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:1 2100:0::NO::P12100_IL0_CODE:C138

Regarding standards for workers' living conditions, only Olam describes the minimum standards and none of them has specific provisions for children who do not work but accompany their families to the workplace.

Forced labor is prohibited by the standards of all three companies. However, none of them has a comprehensive definition on forced labor in their standards. In the absence of indicators for forced labor, it was difficult to determine what indicators are used by the three companies at the field level to monitor for forced labor.

It was verified that company standards on child and forced labor are included in the template contracts of two companies, namely Nestlé and Olam.

Finally, all three companies have a staff team responsible for the implementation of these standards. However, during the IS Baseline, only two companies (Nestlé and Olam) could present clear job descriptions for the implementation staff and dedicated budget for these teams. One of the challenges about the roles and responsibilities of the teams is that the staff responsible for implementation of the standards usually undertakes a role both in conducting monitoring and providing technical support. Although companies try to overcome this challenge through cross-assignment (so that the staff providing technical support is not in a position to monitor his/her own performance), as teams are composed of 4-5 members, cross-assignment does not seem to be capable of ensuring the desired distinction in roles and responsibilities. The IS Baseline also revealed that orientation training on company standards is not provided to new employees in any of the three companies (at the time of IS Baseline, Nestlé had recently hired a new person in Turkey and the onboarding of this new employee had not yet been conducted).

Regarding the employees' knowledge on child and forced labor standards, the survey findings suggest that employees are generally informed about the child labor standards, but need further capacity building on definition and indicators of forced labor.

Recommendations for companies on child and forced labor standards

- Review and revise company standards to include all child and forced labor standards in line with national and international legislation.
 - Minimum age of 18 years for seasonal migratory labor
 - Minimum living and transportation conditions for workers
 - Minimum working conditions for workers 15-18 years of age
 - Indicators of forced labor
 - > Standards for children accompanying parents for work but not working on farms
- Ensure that all contracts with supply chain partners cover these revised standards.
- Clearly distinguish the roles and responsibilities of units that are responsible for monitoring and providing technical support to producers.
- Conduct training for internal staff on forced labor definitions and indicators.

3.3 Supply Chain Mapping and Risk Assessment

The objective of the USDA Guidelines is to ensure that the company has internal systems in place to conduct supply chain mapping and establish traceability and conduct task and risk mapping to prioritize issues for monitoring and areas of intervention for child labor and forced labor. This should be done in consultation with the local stakeholders.

Under this heading, companies' performance was assessed using 13 indicators, under 3 main questions. Supply chain mapping and risk assessment-related indicators can be found in Table 3.

Table 3. Supply Chain Mapping and Risk Assessment Indicators

^{2.1} Are written contracts made with all parties involved in the supply chain?

- ^{2.1.1} Are written contracts made with all hazelnut producers?
- 2.1.2 Are written contracts made with all suppliers?

2.1.3 Are written contracts made with all hazelnut workers (directly by producers or through the company)?

^{2.2} Is the supply chain mapped?

- ^{2.2.1} Has a tracing system covering all stages from the farm onwards been established?
- 2.2.2 Are records of all contracts made with hazelnut producers and suppliers kept?
- 22.3 Are records of all monitoring work carried out on hazelnut producers and suppliers kept?
- 2.2.4 Are records of all remediation programs for hazelnut producers and supplies kept?

^{2.2.5} Are all records (of contracts, monitoring work and remediation programs) for hazelnut producers and suppliers periodically updated?

^{2.3} Are risk areas for child labor and forced labor in the supply chain defined?

2.3.1 Is risk assessment carried out on all stages of the supply chain for child labor and forced labor (prevalence, risk factors, etc.)?

^{2.3.2} Does the risk assessment carried out cover company's own pricing policies as well as the State's produce price and minimum wage policies?

2.3.3 Does the risk assessment carried out cover all potential factors including the product cycle, war, climate change, natural disasters and unexpected migration?

^{2.3.4} Are the views of all related stakeholders, including other companies in the sector, related public institutions, NGOs and professional associations (medical chambers, education unions, bar associations, etc.) taken for identifying risk areas?

2.3.5 Is the risk assessment repeated before every harvest period?

The IS Baseline Survey revealed that, with the exception of Nestlé, who has written contracts with its two tier one suppliers, none of the companies work on a contractual basis with their supply chain partners. Olam-Progida and Balsu sign written contracts with some of their suppliers that have been traced, specifically in cases when this is required by a specific project or program, like UTZ Certified and/or Good Agricultural Practices¹⁷. This creates a challenge for tracing the supply chain and ensuring implementation of company standards.

All three companies have a supply chain tracing system in place which can be further strengthened. Nestlé has made public commitments¹⁸ around supply chain transparency and has 100 percent traceability in its hazelnut supply chain. Nestlé sources Turkish hazelnuts only from two suppliers who have mapped all gardens supplying hazelnuts to Nestlé. Olam-Progida and Balsu¹⁹ have also

17 http://www.tarim.gov.tr/Konular/Good-Agricultural-Practices

18 Nestlé has implemented a Supply Chain Traceability Program and has started to map its supply chain progressively. The Responsible Sourcing Traceability Operations program provides suppliers (and their sub-suppliers) with a costeffective, time efficient and secure online process to trace their ingredients back to all potential farms or plantation origins. Supply Chain Mapping is an integral requirement of Nestlé's Responsible Sourcing Traceability Operations (RST-SCM) and is governed by the Nestlé Supplier Code (NSC). Internally Nestlé has set objectives about the extent and depth of supply chain traceability and efforts are ongoing for various commodities. Nestlé works with a third-party service provider, Achilles Ltd, to map their supply chain along with their suppliers.

19 Olam has publicly committed to a 100 percent end-to-end sustainable supply chain by 2020 (http://olamgroup.com/ sustainability/vision-principles/). Among the smallholder initiatives, quality and traceability are two distinct principles that must be met for Olam Livelihood Charter status (http:// olamgroup.com/sustainability/sustainability-reports/ crs-report-2015/material-areas/food-safety/improvingquality-traceability-emerging-market-supply-chains/). Each commodity and country has targets on tracing where the set internal targets for supply chain mapping. All three companies have undertaken risk assessments in their hazelnuts supply chain with the assistance of the FLA. Nestlé considers the following risks in Turkey:

- High risk child labor; forced labor; freedom of association and collective bargaining; hours of work; fatal injuries and accidents.
- Medium risk payment of local minimum wage; risk of wages under US\$2 per day.

Olam-Progida stated that they focus on the following social risks in Turkey:

- Child labor
- Illegal work and influx of Syrian workers
- Compliance with minimum wages
- Understanding of living wage in the country
- As the hazelnut sector consists of small farms, the most prominent management challenge is to ensure that growers take care of land, use the correct method and

product is coming from. Olam has developed sustainability and traceability programs in partnership with major industry partners to improve their supply chain process (http:// olamgroup.com/news/blommer-chocolate-company-andolam-international-form-growcocoa-a-joint-venture-todevelop-a-long-standing-sustainability-partnership/#sthash. f3ictLAU.dpbs). Olam is planning to apply its Olam Farmer Information System (OFIS) program in Turkey that will allow obtaining information on social infrastructures available in the community and measures the distance between the suppliers' farms and the nearest schools. This information will allow Olam to identify priority areas and based on the information they can advise governments about the communities where investment is needed to evaluate child labor and address root causes. The supplier policies / supplier code are defined primarily by the CR&S unit at Olam along with the Business Unit that is responsible for that particular commodity. Thus far Olam reported to have traced 23 percent of its supply chain in Turkey.

Supply chain mapping is amongst Balsu's priorities. As of 2016, Balsu had traced 11 percent of its supply chain and the target for 2017 is to have 15 percent of the supply chain mapped. By 2024 it plans to increase this rate to 40 – 45 percent.

dose of chemicals, improve good agricultural practices (GAP) that have an impact on yield and earnings (livelihood) and could aid parents in sending their children to school.

According to the interviews, the task mapping and risk analysis of prevention of worst forms of child labor and forced labor has not been conducted. They stated that the FLA IEM process will uncover forced labor issues and inform Olam-Progida accordingly.

Based on its experience and directly working with the farms in the country, Balsu has identified the following risks in its supply chain:

- Migration and employment of Syrian workers and the risk of their being paid under the minimum wage. Reportedly, Syrian workers accept working for 10 Turkish Lira (TL) per day, while local workers are paid 40 TL per day.
- A study conducted by DW indicated 75 percent of the Syrians are women and children and that if there were an influx of Syrian workers in the supply chain, it would mostly be in these two categories of workers.
- Many workers are indebted to labor contractors, as they have taken loans from them during lean season or to meet emergencies. These workers migrate from harvesting one commodity to another, working away from home for at least six months of the year. Workers are engaged in the hazelnut harvest for four weeks only. Many workers are working just to pay off loans and this is an indicator of forced labor. It is very difficult to determine the prevalence of this at the field level, as Balsu is not assessing the relationship between the labor contractors and workers and in some cases the labor contractors are kin to workers.

- The government fixes the procurement price and Balsu pays the market price to the farmers. In the last decade, the hazelnut price averaged \$1.83 per kilogram, with a \$0.66 standard deviation. The market price is volatile and farmers wait for the best price to sell their products (sometimes even waiting until the next harvest). According to an internal study conducted by Balsu²⁰, even when the market price is at the lowest (from 15 TL to 8 TL), farmers could still cover the ten percent commission fee of the labor contractors, social security benefits and minimum wages for workers.
- Although labor contractor's commission (10 percent) is identified as a key issue, Balsu has not taken any concrete action. The company is expecting that the new law that will require farmers to register workers (or only employ registered workers) and record their working hours, will address some of the issues they see in the fields.
- Although Turkey has defined the minimum age of work to be 15 years and 18 years for hazardous work, Balsu estimates that 60–70 percent of the workforce is between 16-18 years of age²¹. In some cases, children as young as 12 years are also working. Another risk identified by Balsu is working hours, which range from 10-11 hours each day for harvest workers.

²⁰ FLA Comment: This report was not shared with the survey team and only quoted during the interviews. Analysis needs to be conducted to determine if the report covers analysis of Total Cost of Ownership (TCO) in Turkey for the child labor and forced labor interventions and how Balsu has been able to arrive at such precise conclusions.

21 It was not clarified what percent of this workforce is migratory, as anyone under 18 years migrating and working in the agriculture sector is defined as being in Worst Forms of Child Labor by the Time-Bound National Policy and Program Framework for the Prevention of Child Labor. Even though all the three companies have undertaken some sort of risk assessment, there is no indication in the documents/interviews that the risks identified at the hazelnut farms has informed the review and updating of internal policies of any of the companies that are applicable in the Turkish context, such as for labor contractors, young workers, non-payment of minimum wages, etc.

None of the companies has undertaken adequate research into the procurement price and the farmers' ability to pay fair compensation to the workers and it is not a current priority for any of the companies to do so, even though research shows that the issues of compensation, hours of work, etc., have a direct impact on both child and forced labor. Information about Total Cost of Ownership (TCO)²² in Turkey for the child labor

²² Total Cost of Ownership is the estimate of all direct and indirect costs associated with an asset or acquisition over its entire life cycle. While exploring the root causes of child labor and forced labor interventions is not available for any of the three companies.

The IS Baseline found that even though the three companies consult with stakeholders such as the ILO, Genç Hayat Foundation (GHF), and KEDV, the interactions are not on an ongoing basis and seldom inform company policies. A list of relevant stakeholders that should be consulted is presented as Annex 1.

The employees' knowledge on supply chain mapping and risk assessment remains limited. Although most of the employees are generally informed about the companies' mapping systems, their level of knowledge on how these systems function varies. Not all the employees are aware of the need for conducting regular and comprehensive risk assessments.

and forced labor, understanding the total cost of ownership for different actors in the supply chain proves important, and gives hints as to whether pricing interventions could help improve the situation.

Recommendations for companies on supply chain mapping and risk assessment

- Each company is responsible for ensuring that all supply chain actors are working on the basis of a contract.
- Develop a clear guide on the roles and responsibilities of all the partners in the supply chain in implementation of child and forced labor standards.
- Use the results of the risk assessment to inform and update internal policies and procedures.
- Develop a comprehensive risk assessment guide covering all potential risk areas. Institutionalize regular risk assessments and make sure they are not a one time activity.
- Collectively commission or conduct research into the procurement price and the farmers' ability to pay fair compensation to workers given that the issues of compensation, hours of work, etc., have a direct impact on both child and forced labor.
- Collect information about Total Cost of Ownership (TCO) in Turkey for child labor and forced labor interventions.
- Given the high percentage of young workers working in the sector, commission a study on hazardous tasks for young workers in the hazelnuts sector and use the results to inform companies' policies on young workers.
- Enhance engagement with local stakeholders especially on the issue of forced labor.

3.4 Communication

The objective of the USDA Guidelines is to ensure that commitments made by a company are well disseminated and visible for the concerned stakeholders both within the company and externally to buyers, suppliers and subcontractors. Company should also allow its workers and other stakeholders to have access to communication channels through which they can lodge complaints.

Under the communication heading of the study, companies' performance was assessed using 31 indicators under main 6 questions. Communication and grievance mechanismrelated indicators can be found in Table 4.

Table 4. Communication Indicators

^{3.1} Are standards about child labor and forced labor shared in writing (other than in contracts) with all relevant parties?

3.1.1 Are standards about child labor and forced labor shared in writing with hazelnut workers?

3.1.2 Are standards about child labor and forced labor shared in writing with hazelnut producers?

3.1.3 Are standards about child labor and forced labor shared in writing with hazelnut suppliers?

3.1.4 Are standards about child labor and forced labor shared in writing with intermediaries?

^{3.1.5} Are standards about child labor and forced labor shared in writing with NGOs and professional associations (medical chambers, education unions, bar associations, etc.)?

3.1.6 Are standards about child labor and forced labor shared in writing with the public (through websites, social media, etc.)?

^{3.2} Is training provided to all relevant parties on child labor and forced labor standards?

3.2.1 Is training provided to hazelnut workers on child labor and forced labor standards?

3.2.2 Is training provided to hazelnut producers on child labor and forced labor standards?

3.2.3 Is training provided to hazelnut suppliers on child labor and forced labor standards?

3.2.4 Is training provided to intermediaries on child labor and forced labor standards?

^{3.3} Is training provided on standards adequate in terms of curriculum coverage and quality?

3.3.1 Are training programs available on standards?

3.3.2 Are training materials available on standards?

^{3.3.3} Are training materials available in Arabic, Kurdish and Georgian languages?

3.3.4 Is there an adequate number of trainers (in keeping with the number needed to be trained)?

3.3.5 Are periodic updates made to the training programs?

3.3.6 Are records of the trainings kept?

^{3.4} Is there a complaint mechanism that workers and other stakeholders can access?

^{3.4.1} Does the complaint mechanism introduced to the supply chain involve an internal control office (e.g., company's own monitors)?

^{3.4.2} Does the complaint mechanism introduced to the supply chain involve an independent control office (e.g. FLA)?

^{3.4.3} Does the complaint mechanism introduced to the supply chain involve an official body which can investigate complaints for the public (e.g., Ministry of Labor)?

^{3.5} Is the complaint mechanism accessible and safe?

^{3.5.1} Is there a free, 7/24 phone line which is designated to receive complaints from hazelnut workers, company staff and other stakeholders?

^{3.5.2} Is there a defined mechanism which allows for hazelnut workers, company staff and other stakeholders to take their verbal complaints up to the highest level manager?

3.5.3 Can the complaint mechanism be used in Arabic, Kurdish and Georgian languages?

^{3.5.4} Is there a written procedure for the complaints mechanism that describes the methodology on how to use it and procedures for assessment of complaints and feedback?

^{3.5.5} Does the written procedure include informing the complainant about the steps to be followed and the result to be obtained?

3.5.6 Is the identity of the complainant kept confidential upon request?

^{3.6} Does the company inform all parties regarding the complaint mechanism?

3.6.1 Are hazelnut workers informed regarding the complaints mechanism?

3.6.2 Are hazelnut producers informed regarding the complaints mechanism?

3.6.3 Are hazelnut suppliers informed regarding the complaints mechanism?

^{3.6.4} Are intermediaries informed regarding the complaints mechanism?

^{3.6.5} Are NGOs and professional associations (medical chambers, education unions, bar associations, etc.) informed regarding the complaints mechanism?

3.6.6 Is the public informed (through websites, social media, etc.) regarding the complaints mechanism?

There are ongoing efforts by all the three companies to communicate their standards on child and forced labor internally and externally. The companies communicate with various external supply chain partners mainly by visibility materials, including posters and brochures. All the companies reach with these materials hazelnut producers, suppliers and workers. However, most of the communication activities are carried out in orchards covered by certification and accreditation programs.²³ Two of the companies also share their standards in their websites. However, the standards are not shared in writing with labor contractors or NGOs by any of the companies.

While standards are not shared with labor contractors in written form, companies do communicate their standards through trainings to hazelnut workers (1 company), producers (2 companies), suppliers (2 companies) and labor contractors (1 company). Two companies have training programs on child and forced labor and one of them has training videos. The companies delivering trainings keep records of these trainings as well, but only one of them makes periodic updates to the training program.

As the size of the audience of each target group (workers, producers, suppliers and labor contractors) is not known, it is difficult to assess whether companies have an adequate number of trainers. However, based on the findings of the desk review (IMS results for one of the companies stated that the number of trainers was not enough), the IS Baseline concluded that only one of the companies fulfills this indicator.

All the training materials are in Turkish. None of the companies has any training program or material in Arabic, Kurdish or Georgian, the native languages of most of the seasonal migrant workers.

Another main component of communication, the companies' complaints mechanisms, were analyzed under IS Baseline. It was concluded that all three companies have established their

23 The companies have not communicated to DW what percentage of the orchards covered by certification and accreditation programs. own hotlines for complaints, one of them being multilingual (Turkish, Kurdish and Georgian). All of the complaints mechanisms allow the workers and other stakeholders that use it to reach an internal control office (e.g., companies' own monitors), but not an independent control office (e.g., FLA) or a public authority (e.g., Ministry of Labor).

The written procedures of the complaints mechanism, available in two companies, describe how the mechanism can be used and the steps to be taken, including the safeguards for protecting privacy.

One of the weaknesses identified regarding the complaints mechanisms is that the number of calls received so far is guite limited and no real complaint has been received from an employee. A reason behind the paucity of use may be the lack of awareness among workers and other stakeholders about the hotline and its safeguards. The fact that the same hotline is used for agricultural matters and social issues. and communication materials on the complaints mechanisms give larger coverage to describing agricultural practices and health related emergencies compared to social topics, may be among the reasons behind the limited use of these hotlines. Two companies inform nearly all their supply chain partners about their hotlines through visual materials and trainings, but they are used sparingly and remain limited in impact.

The employees' knowledge on communication is relatively stronger when compared to other areas reviewed. Most of the employees are informed about the communication and training activities carried out by their companies, as well as the complaint mechanisms in place, but few of them are aware of their limitations in terms of scope and reach.

Recommendations for companies on communication

- Ensure that company standards are communicated to all supply chain partners and other relevant stakeholders, including labor contractors, NGOs and the public.
- Conduct a thorough evaluation of the current complaints mechanisms, including reasons behind their limited use; develop/review complaints mechanism protocols based on the evaluation outcomes and communicate this protocol to all relevant parties.
- Update complaint mechanisms to include informing independent and public authorities besides an internal control office.
- Strengthen cooperation among other companies in the sector (for example, through establishing a working group) especially in child and forced labor prevention efforts.

3.5 Monitoring

The objective of the USDA Guidelines is to check that there are indicators and / or relevant tools available that allow the company to control, measure and ensure that their suppliers and sub-contractors comply with legal requirements and company's standards.

Under this heading, companies' performance was assessed using 41 indicators under 8 main questions. Internal monitoring-related indicators can be found in Table 5.

Table 5. Monitoring Indicators

^{4.1} Does the company carry out monitoring work on compliance with standards for child labor and forced labor?

^{4.1.1} Is there is a guide for the monitoring system on compliance with standards for child labor and forced labor?

^{4.1.2} Has preliminary work for identifying the baseline situation on compliance with standards for child labor and forced labor been carried out?

^{4.1.3} Is monitoring on compliance with standards for child labor and forced labor repeated regularly every season?

^{4.14} Is monitoring on compliance with standards for child and forced labor launched upon receiving complaints?

^{4.1.5} Are all hazelnut producers and suppliers monitored every season for compliance with standards for child labor and forced labor?

^{4.1.6} Is there is a special budget set aside for monitoring work on compliance with standards for child labor and forced labor?

^{4.2} Are the monitoring indicators on child labor and forced labor adequate in content?

4.2.1 Do the monitoring indicators include workers' age, gender and disabilities?

^{4.22} Do the monitoring indicators include whether the workers are seasonal migrant agricultural workers, local workers or household laborers?

4.2.3 Do the monitoring indicators include whether written contracts are made in workers' native language?

⁴²⁴ Do the monitoring indicators include whether the contracts with workers' cover workers' rights, mutual obligations and complaint mechanisms?

^{4.2.5} Do the monitoring indicators include legal working hours, overtime and leave conditions?

4.2.6 Do the monitoring indicators include worker health and safety practices?

^{4.2.7} Do the monitoring indicators include income and healthcare guarantees?

^{4.2.8} Do the monitoring indicators include payment time and conditions and conditions on advances to workers and commissions that intermediaries deduct from payments?

^{4.29} Do the monitoring indicators include means of accessing rights, including complaints mechanisms and means of labor organisations?

^{4.2.10} Do the monitoring indicators include the impact of employment on accessing to rights of those under the age of 18, including right to education?

^{4.3} Are internal monitors adequate in terms of qualifications and numbers?

4.3.1 Are there employee(s) responsible for the training of internal monitors?

4.3.2 Are monitors trained on child labor, forced labor, monitoring and follow up work?

^{4.3.3} Are there monitors who speak Arabic, Kurdish and Georgian languages?

^{4.3.4} Are there enough monitors to monitor all hazelnut producers and suppliers in one season?

^{4.35} Do monitors have access to resources such as training and transportation offered by the company?

4.3.6 Has it been ensured that monitors have no conflict of interest with hazelnut producers and suppliers?

^{4.4} Does monitoring work cover the suppliers' own monitoring activities?

^{44.1} Does monitoring work cover whether hazelnut producers and suppliers undertake regular monitoring?

⁴⁴² Does monitoring work cover whether hazelnut producers and suppliers have relevant monitoring documentation?

⁴⁴³ Does monitoring work cover whether hazelnut producers and suppliers keep records of monitoring documents?

^{4.5} Is work carried out to ease the monitoring activities of hazelnut producers and suppliers?

4.5.1 Are hazelnut producers and suppliers provided with recording forms for monitoring activities?

^{4.5.2} Are hazelnut producers and suppliers provided with technical support on monitoring?

^{4.6} Are monitoring results used to assess the changes made?

- ^{4.6.1} Have changes been assessed taking the results of the first round of monitoring as baseline data?
- 4.6.2 Are monitoring results compared and updated to identify present trends and issues?
- 4.6.3 Are monitoring trends assessed and risk assessment is carried out in terms of basic problems?

^{4.7} Are monitoring activities and results recorded?

^{4.7.1} Are reports prepared for regular monitoring?

- 4.7.2 Are records prepared for monitoring upon complaint about child labor and forced labor?
- 47.3 Are violations identified on child labor and forced labor recorded in a standardized manner?

^{4.8} Are monitoring activities and results recorded?

- ^{4.8.1} Are monitoring results shared with headquarters?
- 4.8.2 Are monitoring results shared with hazelnut workers?
- ^{4.8.3} Are monitoring results shared with hazelnut producers?
- 4.8.4 Are monitoring results shared with hazelnut suppliers?
- ^{4.8.5} Are monitoring results shared with intermediaries?

^{4.8.6} Are monitoring results shared with NGOs and professional associations (medical chambers, education unions, bar associations, etc.)?

4.8.7 Are monitoring results shared with public institutions?

4.8.8 Are monitoring results shared with the public (through websites, social media, etc.)?

The questions and indicators on monitoring could only be assessed for two companies (Olam-Progida and Balsu) as one of the companies (Nestlé) does not carry out monitoring activities but rather relies on the other two for ensuring the implementation of the standards throughout the supply chain. The headquarter-level staff of Nestlé (Responsible Sourcing and Human Rights) has full visibility into the monitoring reports that are obtained from the field. These include summary reports that are provided by tier 1 suppliers as well as the FLA's external monitoring reports. Currently, none of Nestle's staff is directly involved in data collection. data recording or data analysis. Therefore, no trainings have been carried out internally for monitoring. Nestlé's two tier 1 suppliers manage the monitoring work at the field level.

The two supplier companies conduct regular monitoring every season using checklists. The scope of the checklist used by one company includes half of the indicators deemed necessary for monitoring child and forced labor standards (the checklist used by the other company could not be obtained).

Companies monitor for child and forced labor standards mainly in hazelnut orchards covered by certification or accreditation programs using a random sample during each harvest period.²⁴ Although no complaints alleging non-compliance have been received so far, the interview findings indicate that no monitoring would be launched even if there were any complaints.

24 It should be noted that the companies do not share the coverage information with third parties due confidentiality concerns. FLA's suggestion to the companies in this area is to apply a risk management approach to their supply chain and undertake internal monitoring of a minimum of 20% of their farms throughout the harvest period. Two companies have their own internal monitors and one of them provides training to its monitoring staff on child and forced labor. While the mid-level managers and employees of one company believe that the number of internal monitors is adequate, the representatives of the other company stated the contrary.

The main weakness identified across companies in the area of monitoring is the lack of effective utilization of monitoring results. The USDA Guidelines expect companies to conduct a baseline study on incidence of child and forced labor in the supply chain and regularly track and update the monitoring results to identify trends and persistent challenges. The IS Baseline findings indicate that only one company conducted a baseline study, and none of them made use of the monitoring results as expected. There is also room for further efforts to share the results of the monitoring results with related stakeholders as none of the companies does so (one company shares a copy of the internal monitoring form with producers).

Regarding the employees' knowledge on monitoring, the IS Baseline findings suggest that most of the employees are knowledgeable about their companies' monitoring systems and procedures. Their knowledge about the content of the monitoring activities and how the monitoring results should be better used to create sustainable improvement in terms of child and forced labor standards, on the other hand, could be strengthened further.



Recommendations for companies on monitoring

- Develop/update the monitoring guides to include all indicators related to child and forced labor; revise internal monitoring tools and procedures and cover topics like migrant workers, recruitment fees, gender, freedom of association and collective bargaining, code awareness amongst workers and farmers, and hours of work.
- Target for monitoring annually a minimum of 20 percent (or an appropriate sample) of the total number of gardens subject to monitoring.
- Restructure monitoring systems to ensure that monitoring activities are carried out regularly, not only seasonally, and also upon complaint; cover producers' and suppliers' own monitoring activities as well.
- Share the monitoring outcomes with a wide range of stakeholders, including workers, suppliers, labor contractors, NGOs, public institutions, and the public at large.
- Build the capacity of the assessors at Olam-Progida and Balsu who conduct internal monitoring.
- Engage actively in the discussion around labor contractors and labor monitoring at the farm level with the Ministry of Labor and Social Security to advocate for monitoring and inspections at the garden level by engaging with the ILO, FLA, CAOBISCO and others to actively participate in these advocacy efforts.
- Increase the allocation of resources to monitoring activities in hazelnut gardens

3.6 Remediation

USDA Guidelines require that a company, in consultation with relevant stakeholders, should develop and put in place a remediation policy/ plan that addresses remediation for individual victims as well as remediation of broader patterns of noncompliance caused by deficiencies in the company's and/or suppliers' systems and/ or processes.

Under this heading, companies' performance was assessed using 33 indicators under 9 main questions. Remediation-related indicators can be found in Table 6.

Table 6. Remediation Indicators

| 5.1 Does the company undertake remediation work based on the non-compliances and violations identified through monitoring? | | | | | |
|--|--|--|--|--|--|
| 5.1.1 Are regular remediation plans prepared? | | | | | |
| 5.1.2 Are records of the remediation plans kept? | | | | | |
| 5.1.3 Is the implementation of remediation plans monitored? | | | | | |
| 5.1.4 Is there a special budget set aside for remediation work? | | | | | |
| 5.2 Are remediation plans updated in line with monitoring results? | | | | | |
| 5.2.1 Are remediation plans updated in line with independent monitoring results? | | | | | |
| 5.2.2 Are remediation plans updated in line with internal monitoring and risk assessment results? | | | | | |
| 5.2.3 Are remediation plans updated in line with data from the complaints mechanism? | | | | | |
| 5.2.4 Are remediation plans updated in line with internal process assessment results? | | | | | |
| 5.3 Are relevant stakeholders and experts consulted for the preparation of the remediation plans? | | | | | |
| 5.3.1 Is headquarters consulted for the preparation of the remediation plans? | | | | | |
| 5.3.2 Are hazelnut workers consulted for the preparation of the remediation plans? | | | | | |
| 5.3.3 Are hazelnut producers consulted for the preparation of the remediation plans? | | | | | |
| 5.3.4 Are hazelnut suppliers consulted for the preparation of the remediation plans? | | | | | |
| 5.3.5 Are intermediaries consulted for the preparation of the remediation plans? | | | | | |
| 5.3.6 Are professional associations (medical chambers, education unions, bar associations, etc.) consulted for the preparation of the remediation plans? | | | | | |
| 5.3.7 Are NGOs consulted for the preparation of the remediation plans? | | | | | |

5.3.8 Are public institutions, including in education, health, labor, social security, social aid, social services and security, consulted for the preparation of the remediation plans?

5.4 Do remediation plans prepared cover the remedies for individual cases of victimization?

5.4.1 Do remediation plans cover the circular defining the steps to be followed when violations are identified?

5.4.2 Do remediation plans cover resources for appropriate services (e.g., rehabilitation, training, employment, shelter, counselling, restitution of lost wages and other financial aid)?

5.5 Do the remediation plans prepared cover improvements to deficiencies in the company's systems and processes?

5.5.1 Do remediation plans cover the development of systems to remedy violations?

5.5.2 Do remediation plans cover work to be carried out with hazelnut producers and suppliers to reduce practices which qualify as violations?

5.6 Do the remediation plans prepared cover improvements to deficiencies in the hazelnut producers' and suppliers' systems and processes?

5.6.1 Do the remediation plans cover technical assistance which includes work related problems of hazelnut producers and suppliers (e.g., workplace cooperation, quality control, health and safety, productivity, working conditions, human resources management)?

5.6.2 Do the remediation plans cover incentives (e.g., creation of a list of preferred suppliers, setting a price premium, purchase guarantees, access to financing, inclusion in trade promotion and public reporting on compliance) to be offered to the hazelnut producers and suppliers to improve their systems?

5.7 Do the remediation plans prepared cover sanctions for low performance and persistent non-compliance?

5.7.1 Do the remediation plans cover forms of sanctions (termination, suspension or reduction of the contract, etc.) in case of low performance or repeated non-compliance?

5.7.2 Do the remediation plans cover timing of punishment (when efforts are made to improve and cooperate but admissible results are not obtained, etc.) in case of low performance or repeated non-compliance?

5.8 Are there remediation programs on interventions for preventing child labor and forced labor?

5.8.1 Are there remediation programs for raising public (general public outside of hazelnut supply chain) awareness on child labor and forced labor?

5.8.2 Are there remediation programs for supporting families (financial, social, etc.)?

5.8.3 Are there remediation programs for supporting the education of children?

5.8.4 Are there remediation programs for protection of children?

5.8.5 Are there remediation programs for improving working and living conditions?

5.8.6 Are there remediation programs for supporting hazelnut producers financially or technically?

5.9 Is there cooperation with other partners for implementing programs for the prevention of child labor and forced labor?

5.9.1 Is there cooperation with other companies in the sector for implementing programs for the prevention of child labor and forced labor?

5.9.2 Is there cooperation with NGOs and professional associations (medical chambers, education unions, bar associations, etc.) for implementing programs for the prevention of child labor and forced labor?

5.9.3 Is there cooperation with public institutions, including in education, health, labor, social security, social aid, social services and security, for implementing programs for the prevention of child labor and forced labor?

Similar to the case of monitoring, indicators and questions on remediation could only be assessed for two supplier companies, as Nestlé does not carry out direct remediation activities in the context of hazelnut production.

Nestlé collaborated with CAOBISCO (Association of Chocolate, Biscuit and Confectionery Industries of Europe) to facilitate the convening of a multi-stakeholder dialogue in Turkey to address issues of child labor in the hazelnuts sector. Through FTG (Hazelnuts Promotion Group in Turkey) and SEMAD (Turkish Association of the Confectionery Manufacturers), CAOBISCO engaged with the Turkish MoLSS to organize 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 Labor Organization (ILO) child labor project in Turkey together with other companies via CAOBISCO²⁵.

Nestlé formalized its cooperation regarding the hazelnuts sector in Turkey in writing with Olam-Progida and Balsu, ensuring that efforts, resources and time are devoted to the following:

25 http://www.fairlabor.org/sites/default/files/documents/ reports/nestleexecutivesummary_final.pdf

- 1. Clustering farms by region of production
- Holding awareness-raising sessions with processors, *manavs* (middlemen) and growers on good ethical and agricultural practices
- 3. Monitoring child labor and working conditions in the orchards
- 4. Remediating basic findings identified by its two tier 1 suppliers or by the Fair Labor Association (FLA) during visits.

In 2015, according to Nestlé's hazelnut progress report, Nestlé plans to accelerate the number of assessments and focus the outreach of the remediation activities on better labor conditions for workers by:

- Extending the Child Labor Monitoring System to more farms;
- Continuing awareness-raising of good labor practices to farmers and, as feasible, more fully include temporary workers in the trainings;
- Interacting with local government on the importance of declaring daily payment to workers and preventing wage discrimination;
- Extending the summer schools model initiated by Balsu (with the help of the GHF) to help prevent children from working in seasonal hazelnut harvesting;

- Exercising better control of worker's age via notebooks distributed to growers and sensitizing workers on the use of grievances channel;
- In the future, exploring the setting up of vocational education for youth (as Nestlé has done in Madagascar regarding vanilla).

With respect to other remediation activities, Nestlé participates in various education programs for children. Nestlé has set up two summer schools and two children's play sessions and is supporting ILO projects in two temporary settlements (Uzunisa and Efirli) aimed at offering decent infrastructure and education to migrant workers and their children. Orchards have been provided directly with personal protective equipment, emergency kits, etc. Nestlé reports to have increased resources to provide personal protective equipment (hats and gloves), drinking water, adequate sanitation and hand-washing facilities, and medical kits to workers in the orchards.

Another gap noticed in the remediation process is how to compensate family income when children are taken out of working in farms, and the follow-up to ensure that these children (mostly young workers) do not seek employment in other farms in the same locality. Limited information was also provided on whether the youth are referred to local vocational learning centers.

The IS Baseline findings suggest that while both supplier companies prepare regular remediation plans, only one of them allocates a special budget for these plans and monitors their implementation.

The remediation efforts of companies mainly include provision of education support for

children (e.g., establishing summer schools and providing scholarships) and in-kind assistance to workers (e.g., personal hygiene materials, hats, gloves, etc.). There are no remediation efforts geared to protection of children or improving working and living conditions of families. When a child is identified working in an orchard, the action taken is to refer this child to summer school. It is necessary to assess whether this intervention is really appropriate since the available schools are mostly for young children. No intervention is affected for cases of individual victimization related to forced labor.

According to the USDA Guidelines, the scope of company remediation plans is expected to include not only remedies for individual victims, but also for deficiencies in the companies', producers' and suppliers' systems and processes, as well as sanctions for low performance and persistent non-compliance. However, none of the companies has such a remediation policy in place. Although sanctions are envisaged for non-compliance with child labor standards, no record of the application of such a sanction has been identified, suggesting that this sanction has not been made an integral part of remediation programs. As to forced labor, there is no evidence it is addressed at all in this context.

Cooperation with stakeholders in both planning and implementation of remediation plans is another area for improvement in companies' policies. While none of the stakeholders are currently consulted for preparation of the remediation plans, limited cooperation is in place with NGOs and public institutions in implementation of these plans.

The employees' knowledge on remediation, and especially the limitations of the remediation policies and procedures, is relatively limited.

Contrary to the IS Baseline findings, most of the employees think that their remediation systems comply with the requirements of the USDA Guidelines. This indicates that their awareness on how remediation plans should be prepared, what these plans should minimally include, and appropriate implementation and monitoring methodologies should be strengthened.

Recommendations for companies on remediation

- Institutionalize the process to co-develop remedial strategies with its tier 1 suppliers.
- Consider including both positive and negative incentives for suppliers as appropriate, such as price premiums, purchase guarantees, access to financing or termination, suspension or reduction of contracts, based on the performance of its suppliers on labor standards. Ensure that remediation plans cover remedies for both individual victims and deficiencies in the company's, producers' and suppliers' systems and processes as well as punishment for low performance and constant non-compliance.
- Focus on three major areas: supporting migrant agriculture worker families, supporting children's access to education, and supporting farmers financially and technically.
- > Monitor remediation implementation and conduct impact evaluation of all remediation activities.
- Support the policies and procedures of sanctions and incentives regarding suppliers and ensure related documentation.
- Develop clear instructions related to procedures to be followed in the preparation, implementation and monitoring of remediation plans in line with the principles included in the USDA Guidelines.
- Establish a system to receive feedback from workers. This can be done through a mobile application to pilot feedback and information collection mechanism, such as to collect hours of work, payment practices, grievance submissions, etc.
- Strengthen cooperation among companies in the sector in implementation of remediation activities in order to ensure that remediation efforts of different companies' complement each other.
- Prioritize young workers and women in intervention frameworks.

3.7 Internal Process Review

USDA Guidelines require that a company should periodically check its own progress, address areas where goals have not been met, determine the effectiveness of its remediation plans and make efforts to disclose information publicly.

Under this internal process review chapter, companies' performance was assessed using 6 indicators under 2 main questions. The internal process review-related indicators can be found in Table 7. Internal process review is the weakest area of companies' policies and procedures regarding prevention of child and forced labor. None of the companies has an established evidence-based system for regularly assessing the effectiveness of prevention programs or interventions for non-compliances. This is also one of the most important challenges for assessing the scalability of these programs or interventions.

Nestlé's Supplier Code undergoes a review every three years, with the next review scheduled for 2017. All Nestlé strategic buyers (about 700 Nestlé staff) have to pass "Strategic Driving License" training.

Table 7. Internal Process Review Indicators

| 6.1 | Is the effectiveness o | f child labor | and forced la | abor preventior | ı programs regulaı | ly assessed? |
|-----|------------------------|---------------|---------------|-----------------|--------------------|--------------|
|-----|------------------------|---------------|---------------|-----------------|--------------------|--------------|

^{4.1.1} Are there tools to measure progress against objectives of child labor and forced labor prevention programs?

^{6.1.2} Is the latest plan/program assessed before the preparation of the next plan/program for prevention of child labor and forced labor?

^{6.1.3} Are internal process assessment reports prepared for prevention of child labor and forced labor?

^{6.2} Is the effectiveness of the interventions for remedying violations on child labor and forced labor assessed?

^{6.2.1} Are records of what is done against violations kept?

^{6.22} Are records of interventions in case of repeated violations by the same producer/supplier kept?

6.2.3 Is the effectiveness of what is done against violations measured?

Olam annually publishes a Carbon Disclosure Project (CDP) report, a Global Reporting Initiative (GRI) report, and a CSR Report and presents its performance against the goals set by the company.²⁶ There are currently no indicators presented on how the company programing has aided in the reduction of child labor or forced labor issues in its supply chain, and particularly in Turkey.

FLA audit reports show an evolution between two audits (2014 and 2015) for Balsu. Training has been given to the farmers but the report doesn't reflect the length of training, the evaluation of knowledge transferred, the

²⁶ http://olamgroup.com/investor-relations/annualreport-2015/strategy-performance/corporate-responsibilitysustainability/ number of farmers trained or whether *manavs* and labor contractors also received training. It seems to mainly focus on health and safety rules. Similarly, summer schools are in place but indicators about the average number of children covered/age are not provided. It would be important to get these figures to develop an opinion on the results of the activities. FLA audits also show that the agronomists do not have knowledge on labor aspects and internally it is not clear how the company evaluates their performance.

Although it was not possible to assess employees' knowledge on internal process review, it is a positive factor that most of the employees are aware of the need for impact evaluation of child and forced labor prevention programs and interventions.

Recommendations for companies on internal process review

- Set specific annual targets and key performance indicators and measure their realization through relevant indicators of program effectiveness.
- > Develop an evidence-based system for impact evaluation of all prevention and remediation programs.
- Regularly evaluate the effectiveness of the prevention and intervention programs against their intended outcomes.

4 SCALABILITY OF REMEDIATION ACTIVITIES

As explained in the previous section, companies engage in various remediation activities, including provision of education support for children and in-kind assistance to workers. Without a further impact evaluation study on these remediation efforts, however, it is quite difficult to assess their scalability. Considering this limitation, this section attempts to provide an overall approach to analyze companies' remediation efforts in the context of the key problems they intend to address.

The key problem behind child and forced labor is poverty. According to TURKSTAT¹ data, in 2015, 21.9 percent of the Turkish population lived in poverty and 35.8 percent could not afford food expenses. For a family of four, the hunger threshold is 1,385 TL (447 USD) and the poverty threshold is 4,512 TL (1,455 USD) monthly, according to the Türk-İş Confederation as of December 2015.²

When compared with the daily wage that agricultural workers receive, these statistics show that a family of four cannot earn the

² http://www.turkis.org.tr/ARALIK-2015-ACLIK-ve-YOKSULLUK-SINIRI-d934#sthash.ss4sA4ZL.dpuf minimum amount to live on even when both parents work. This makes families dependent on the labor of their children.

To give an example, the net national minimum monthly wage was 1,300 TL in 2016. Wage rates of seasonal migrant agricultural workers in hazelnut harvesting are set by commissions established under governorates as a gross minimum wage, including or excluding lunch and middleman's (labor contractors) share, for a working period of 30 days. In these commissions, workers and agricultural middlemen are not represented. The daily wage set in Düzce at the beginning of the 2016 harvesting season was 56 TL for seasonal migrant workers and 70 TL for local workers³. As seasonal migrant workers pay 10 percent of the wage as commission to labor contractors, their daily net earnings are 50 TL and 1,500 TL monthly if they work for 30 days without any absence. However, workers also experience other deductions from their wages, such as transportation costs, that are also paid to labor contractors. Two parents working for 30 full

¹ http://www.tuik.gov.tr/PreHaberBultenleri.do?id=21584

³ http://www.oncurtv.com/ekonomi/findik-yevmiyesi-bellioldu-h121837.html



days, without being absent for any reason (e.g., leave, sickness or adverse weather conditions) would earn 3,000 TL from their work in hazelnut harvesting, an amount significantly below the poverty threshold.

These statistics also indicate that an adult daily wage earner must look for jobs every day to subsist. Since a person working as a daily wage earner cannot look for other jobs at the same time he or she is working, it is necessary for the worker to engage with agricultural intermediaries, such as labor contractors. The very low level of income also means that daily wage earners often need to tap into future earnings, meaning borrowing from labor contractors. Practices considered as forms of forced labor can originate from indebtedness to labor contractors.

Given the picture above, it is of critical importance that remediation plans in hazelnut production address the issue of poverty and develop pertinent solutions. To the extent that measures to prevent child labor and forced labor do not take into account families' income status, outcomes will not be favorable for children. Efforts to remove child labor from the supply chain of finished or semi-finished export goods, such as hazelnut, cotton, tobacco, and apricot, may lead to the shift of child labor to other products.

The IS Baseline findings suggest that companies fall short of addressing this main problem of poverty in developing their remediation plans. Although it is not realistic to expect companies to overcome this challenge on their own, strengthening collaborative efforts with other companies in the sector and other relevant stakeholders, including public institutions and NGOs, would contribute to finding sustainable solutions.

A second problem is that, given their very low income levels, worker families cannot afford to access minimum standards of living and childcare or education services that their children need while they are working out in the orchards.

A common understanding amongst orchard owner, labor contractors, and workers, is that it is the responsibility of orchard owners/labor contractors (depending on the employment relation) to provide minimum living conditions (e.g., housing, drinking water, hot water, electricity, etc.) for workers. However, in the



Turkish legislation there are no requirements around this, and the standards set by companies are not binding on orchard owners. It is not possible to have binding provisions unless the relationships are based on formal contracts.

Companies undertake several remediation activities to improve workers' living and working conditions, but they are limited to setting standards and distributing promotional items (e.g., potable water, personal hygiene products, etc.) and do not effectively address issues related to workers' working and living conditions.

Since reaching workers directly with promotional materials requires considerable time, organization and labor, a detailed cost analysis and impact assessment would be needed to assess the scalability of such activities.

Another need is to provide childcare and educational services during the parents' working hours. There are two reasons for this. First, as explained above, parents do not have sufficient financial resources to cover childcare and educational needs. Second, access to these services, wherever their families may be living, is the right of children.

These issues have been prioritized in the companies' remediation programs. With their support and through initiatives taken by civil society and international organizations, summer schools have been launched for children. These activities focus on children aged 5 to 10 years, as children over 10 years old usually go to work in orchards with their families. The program is also used as a form of remediation when a child is spotted in orchards; children up to age 15 are also admitted to these centers.

In order to be able to assess the scalability of these activities, it is essential to conduct both

an impact assessment and a cost effectiveness study. The assessment should cover the attendance rate to the summer schools, ages of children attending schools, the rate of participation of children in the agricultural labor force and the rate of education retention.

There is also need to evaluate the awareness in governmental organizations and the public at large created by these services. Since hazelnut harvesting, in particular, does not coincide with the school year (harvesting is done in the summer months), and since the care and education of children while not in school (for example during vacations) are not a part of public services -- though they should be -- there is the risk that these responsibilities would fall upon firms that are engaged in prevention activities. Success in this area depends on raising awareness about the responsibility of the Government. It is therefore important to evaluate the contribution of present activities in creating this awareness.

One final issue that should be considered while assessing the scalability of the existing remediation programs is that all the institutions that gather children at a center and deliver childcare and education services must be authorized by the relevant authorities. confirming their compliance with the relevant legislation regarding health and safety of children. At present, activities are approved by district governors, but without consideration of whether there is compliance with legislation. This is a risk in terms of both children's safety and the responsibility of those delivering services. Consequently, there is need to identify clearly the legislative requirements regarding health and safety to ensure that on-going centers meet these requirements.

5 RECOMMENDATIONS FOR THE FLA

The participation of both government and private companies in this project is an important opportunity to address issues of child labor and forced labor in the hazelnut supply chain in Turkey. In light of the IS Baseline findings, recommendations to the FLA include the following:

5.1 Recommendations for System-Level Improvements

- 1 Raise awareness among policy and decisionmakers:
 - Include a clear provision in national legislation setting the minimum age in seasonal migrant agricultural work at 18 years of age,
 - Regulate the minimum living and working conditions of agricultural workers,
 - Review the criteria used in setting the minimum wage for agricultural workers and ensure that the wage exceeds at least the poverty threshold.
- 2 Conduct an analysis of all stages of the hazelnut harvest, identify the possible risks that would endanger children's health and safety, and define the minimum age for household and local workers specific to all stages.

- 3 Conduct a situation analysis of forced labor in the Turkish hazelnut supply chain.
- 4 Develop a model for registering and monitoring labor contractors in light of the different models used worldwide.

5.2 Recommendations for Supporting Companies' Policies and Procedures

- 1 Develop a model for contract-based working relations taking into consideration the difficulties in the current system and in line with the pricing policies in the hazelnut harvest in Turkey.
- 2 Develop an effective communication and cooperation strategy for sustained cooperation between the government, NGOs and other companies operating in the same sector.
- 3 Conduct a cost analysis of implementation of standards and develop a strategy for fair distribution of this cost among all supply chain partners.
- 4 Develop a comprehensive guideline on monitoring and preparation of remediation plans.

ANNEX 1. RELEVANT LOCAL STAKEHOLDERS TO BE CONSULTED

| Type of Stakeholder | Name of the Stakeholder | Rationale | |
|---------------------|---|--|--|
| Public Institution | Labor Inspection Board Presidency, Ministry of Labor and Social Security (MoLSS) | Responsible for the implementation of the child labor laws; monitor the implementation of the labor law; conduct joints inspection to identify children under legal working age; train labor inspectors and law enforcement personnel on issues related to child trafficking and WFCL. | |
| Public Institution | Labor Inspectorate, Labor Inspectors in Duzce, Ordu and Sakarya | Responsible for conducting inspection visits in enterprises. | |
| Public Institution | Mentoring and Inspection Presidency within MoLSS | Responsible for monitoring compliance with laws related to social security of all workers, including child workers. They undertake joint inspections with the Board Presidency under MoLSS. | |
| Public Institution | Ministry of Justice | Responsible for prosecuting legal cases regarding child labor and / or exploitation of children. | |
| Public Institution | Ministry of Family and Social Policy | Receive all referred child laborers in need of assistance. | |
| Public Institution | Summer school teachers in the government-run programs in Duzce, Ordu, Sakarya | Responsible for the government programs during summer when the harvest of hazelnuts is being undertaken. | |
| Public Institution | National Steering Committee (NSC) on Child Labor | Responsible for coordinating and monitoring programs and projects to be implemented nationwide to prevent child labor and WFCL. Chaired by the MOLSS Undersecretary, it includes senior government officials, workers, employers, and NGOs. It coordinates the Time-Bound National Policy and Program Framework for the Prevention of Child Labor. | |

| Public Institution | Advisory Board on Child | Responsible for developing solutions for preventing child |
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| | Labor | labor and ensuring that institutions share information regarding their work on child labor. Chaired by MoLSS and composed of representatives from government ministries, workers' unions, employers' organizations, NGOs, and universities, and ILO and UNICEF representatives who participate as observers. |
| Public Institution | Turkish Employment Agency (İŞKUR) | Responsible for designing and implementing active and passive labor market policies in Turkey. Is an associated body of MoLSS. |
| Public Institution | Directorate General for Migration Management (DGMM) | Responsible for coordinating the implementation of migration law, including laws related to irregular migration, refugees, and human trafficking |
| Multilateral Agency | International Labor Organization | Responsible for conducting a program focused on child labor in the hazelnuts sector in the Black Sea Region, funded by CAOBISCO. |
| Multilateral Agency | UNICEF | Responsible for mapping the child care provisions across Turkey; has programs on child protection. |
| Civil Society Organization | WWF, KEDV (along with ILO) | Since Olam-Progida has been participating in meetings with them. |
| Civil Society Organization | Support to Life | It is an international humanitarian aid agency and has worked on projects with SudWind and Ferrero. |
| Civil Society Organization | Caritas Turkey | They have been working with refugees, help children with their education and have programs for Syrian refugees |
| Research Institute | ТÜİК | A joint report prepared by Support to Life and the Istanbul Bilgi University's Center for Migration Research warned that the child labor figures could be much higher today as Syrian refugees children join the shadow economy. |
| Industry Association | Istanbul Hazelnut Exporters Association | Responsible for mobilizing the hazelnut exporters in Turkey. |
| Industry Association | CAOBISCO - Association of Chocolate, Biscuit and Confectionery Industries of Europe | Because they signed an agreement with the ILO for child labor program in hazelnut sector (that Nestlé is funding). |

| Growers Union | Findik Üreticileri Sendikasi, affiliated with the rural farmer's organization Çiftçi Sendikalari Konfederasyonu | Is the most important union of hazelnut growers in the region. This confederation is in turn affiliated with the international farmers' organization Via Campesina. Point of contact of this union and federation, Kutsi Yaşar, is a reliable and involved source of information on the hazelnuts situation in the region by the Black Sea according to IUF. |
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| Teachers Union | Eğitim Sen | They declared that at their schools, hundreds of children at school age, do not attend school for three months at the least and sometimes extending up to six months, of the school year. |