



Milestone 1 Report

The Fair Labor Association's Agriculture Accreditation Program



April 2025
Olam Food Ingredients (ofi)
hazelnut operations in Türkiye

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MILESTONES AND ACCREDITATION FOR THE FAIR LABOR ASSOCIATION'S AGRICULTURE PROGRAM



The Fair Labor Association's (FLA) [Agriculture Program](#) represents a rigorous evaluation of a member company's human rights due diligence (HRDD) systems for compliance with [the Principles of Fair Labor and Responsible Sourcing for Agricultural Supply Chains](#) and the FLA [Workplace Code of Conduct \(CoC\) for the Agriculture Sector](#).

These standards are designed to protect workers in member companies' global supply chains and are based on international practices and norms, including guidance from the International Labour Organisation (ILO), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the OECD Due Diligence Guidance for Responsible Business Conduct, and the Corporate Human Rights Benchmark (CHRB). Each principle is supported by a set of benchmarks and key performance indicators (KPIs) that define what companies must do to successfully implement our standards.

Effective HRDD program implementation is a process of continuous improvement. FLA evaluates agriculture companies on the alignment of their social compliance systems with FLA standards, and the company's performance in executing those systems to support and protect workers.

Each FLA company pursuing Fair Labor Accreditation in agriculture moves through a series of milestones prior to achieving accreditation for the in-scope commodity program. Following accreditation, the in-scope commodity is on a maintenance track where FLA verifies the company's adherence to FLA accreditation standards every three years.

This Milestone 1 report recognizes a company's achievements, acknowledges areas in which the company has gone above and beyond baseline requirements, and makes specific recommendations for future growth.

MILESTONES FOR THE FLA AGRICULTURE PROGRAM

Milestone 1: Governance and Internal Alignment

Based on a commitment to human rights, a risk assessment, and consultation with international civil society organizations (CSOs), the company has developed an HRDD system to oversee the implementation of labor standards for commodities in scope. The company has aligned its standards to FLA standards, developed a time-bound plan for achieving full supply chain traceability, and started publicly disclosing its sourcing profile for in-scope commodities.

Milestone 2: Implementation & Monitoring

The company implements FLA standards (FLA Principles and the CoC) in sourcing countries with support from its headquarters. The company has expanded its traceability efforts for in-scope commodities, in sourcing countries. With support from FLA and in consultation with local CSOs, the company has developed farm-level monitoring tools, sampling, and monitoring methodology; and initiated farm-level assessments. The company has established functioning grievance mechanisms and additional safety nets for the farmworkers.

Milestone 3: Review and Improvement

The company continues to implement FLA standards and expand traceability in high-risk sourcing countries with support from its headquarters. With support from FLA and in consultation with local CSOs, the company is implementing corrective action plans including considering gender-disaggregated data collected via monitoring mechanisms developed in Milestone 2. Each country is recognized for implementing all 10 FLA Principles. For companies sourcing from one country, their program is accredited at this stage provided they meet FLA traceability requirements.

Milestone 4: Full Implementation and Integration

The company is implementing all 10 FLA Principles pertaining to governance, monitoring, and remediation in all high-risk countries for the commodity in scope.

Milestone 5: Accreditation & Maintenance

The company has achieved FLA traceability requirements for the in-scope commodity and is implementing all FLA standards and in all the countries, including high- and low-risk countries. For low-risk countries, the company implements a subset of FLA standards. The company's global commodity program is accredited, and it moves to an ongoing maintenance phase where FLA will verify adherence to FLA standards and principles every three years.

COMPANY OVERVIEW

NAME	Olam Food Ingredients (ofi) hazelnut operations in Türkiye	CATEGORY	Participating Company - Agriculture Program
HEADQUARTERS (HQ) LOCATION	İstanbul, Türkiye	COMMODITY	Hazelnuts
ABOUT THE COMPANY	<p>Olam Food Ingredients (ofi), previously known as Olam, acquired 100% equity interest in the Progida Group in 2011 for hazelnut operations. Olam Food Ingredients produces various hazelnut types and kernel sizes to create ingredients suitable for confections, baked goods, ice creams, and other products. The company's operations in Türkiye, which comprise its primary operation center for hazelnut production, has more than 500 employees and exports hazelnuts to more than 50 countries. For brevity, we will refer to the company and its Turkish operations as "ofi" throughout this report. ofi reported a revenue of \$15.6 billion (\$11.8 billion) in 2023, which includes its cocoa, coffee, dairy, nut, and spice product lines.</p> <p>ofi has headquarters in Istanbul, two cracking facilities in Ordu and Kocaali, Sakarya, and a processing unit in Piraziz, Giresun. These strategically-located units enable the company to efficiently source and process hazelnuts from key growing regions across the Black Sea area. In 2024, ofi was ranked as the largest hazelnut exporter in Türkiye by the İstanbul Fındık İhracatçıları Birliği (Istanbul Hazelnut Exporters' Associations, or İFİB).</p> <p>ofi has been implementing its Responsible Sourcing Program for hazelnuts since 2012, which is guided by its Olam Agri Supplier Code and ofi Agri Supplier Code.</p>		
FLA MEMBERSHIP	2012	SUPPLY CHAIN OVERVIEW AND SOURCING PROFILE DISCLOSURE	<p>The company has a program called AtSource, a sustainability insights platform designed to track and drive impact across its supply chain. It provides a view of economic, social, and environmental metrics, enabling monitoring, following up on interventions, and tracking progress in the supply chain. The platform integrates data from farms, logistics, processing, and sustainability targets for each customer in the supply chain.</p> <p>ofi currently only sources hazelnuts from Türkiye ("high" volume is from Türkiye). Currently, ofi has reached 74% traceability for its hazelnut supply chain, with a goal of 100% traceability in its direct supply chain by 2030.</p>
RECOGNITION	FLA Milestone 1 Report Published: March 2025		

HIGHLIGHTS OF OFI'S MILESTONE 1 RECOGNITION

ofi is one of the largest Turkish hazelnut suppliers, having joined the Fair Labor Association (FLA) Agriculture Program in October 2012. ofi operates an ingredients factory in Giresun and cracking facilities in various locations along the Turkish Black Sea coast. Headquartered in Istanbul, the company has an established presence in the region and procures hazelnuts from all growing areas in Türkiye. Over time, it has developed productive relationships with farmers, intermediary traders, and crackers in these regions. This report details FLA's evaluation of ofi's governance and internal alignment at the headquarters level for Milestone 1.

Highlights of ofi's hazelnut Responsible Sourcing Program for Milestone 1- Governance and Internal Alignment include:

Strong Senior Management Commitment: ofi's comprehensive and strategic approach to sustainability, labor standards, and ethical sourcing across its global operations are underpinned by clear governance structures and leadership accountability. As a FLA member since 2012, the company actively integrates workplace labor standards into its business practices. ofi's global head of sustainability for nuts oversees strategic direction, while the country manager ensures implementation. The sustainability department, comprising a multidisciplinary team of 16, works collaboratively to execute programs with financial and technical support.

Remediation: Key initiatives include the Hazelnut Trail Program, which focuses on eliminating child labor, promoting decent work, enhancing traceability, fostering gender equality, improving health and safety, advancing climate action, and building community partnerships. Through collaborations with civil society organizations, universities, and government agencies, the company has implemented 14 social and environmental sustainability projects since 2013. These projects include training for women workers, child labor prevention, and improving health and hygiene among seasonal agricultural workers.

Standards and Monitoring: ofi's sustainability programs are reinforced by robust policies, such as the Supplier Code and Sustainability Agreement, which outline standards for suppliers on labor rights, traceability, and ethical practices. The company evaluates supplier performance using detailed assessments and provides financial incentives to farmers and intermediaries based on compliance with sustainability criteria.

FLA DUE DILIGENCE ACTIVITIES

ACTIVITIES	PURPOSE	STATUS
Headquarters-Level Assessment	<ul style="list-style-type: none"> Verify headquarters and country-level policies and procedures. Review documentation, processes, and farm-level data demonstrating the company's compliance with the Principles of Fair Labor and Responsible Sourcing for Agriculture Supply Chains. 	<ul style="list-style-type: none"> Conducted a desk-based and in-person review of all M1 related documents. Interviewed two staff members based in ofi's headquarters multiple times between 2023 – 2024. Interviewed two staff members based in ofi's operations regions on multiple occasions between 2023 – 2024.
Country Level Internal Management Systems (IMS) Assessment	<ul style="list-style-type: none"> Evaluate the company's internal management systems. Verify the company's timebound improvement plans. 	<ul style="list-style-type: none"> Evaluated policies and procedures and implementation evidence. Shadowed regional staff during field visits on several occasions.
Farm-Level Assessments <ul style="list-style-type: none"> Baseline Assessment Independent External Assessments (IEM) Independent External Verifications (IEV) Focused Assessment Social Impact Assessment (SIA) 	<ul style="list-style-type: none"> Identify labor violations and assess root causes. Track remediation efforts over time at the farm level. Publish the findings and the corrective action plans. 	<ul style="list-style-type: none"> Total number of assessments (2013 – 2023): 14 <ul style="list-style-type: none"> IEM: 14 (of which 10 are shared IEMs) Number of farms monitored: 245 Number of workers interviewed: 2,065 Area of monitoring (villages/regions): 1,805 hectares
Innovation	<ul style="list-style-type: none"> Verify the company's commitment to work in a collaborative manner to address systemic issues. Verify engagement in multi-stakeholder projects and initiatives for the commodity in scope. Verify that the company has shared best practices. 	<ul style="list-style-type: none"> Reviewed participation in the project “Piloting the United States Department of Agriculture Guidelines for Eliminating Child Labor and Forced Labor in Türkiye’s Hazelnut Supply Chain” (2016–2018). Reviewed participation in the Harvesting the Future (HTF) project (2019–2024).

ACTIVITIES	PURPOSE	STATUS
Training and Capacity Building	<ul style="list-style-type: none"> ▪ Verify the company's capacity building practices. ▪ Verify supplier, farmer, and worker engagement. ▪ Evaluate the effectiveness of internal and external capacity building activities. 	<ul style="list-style-type: none"> ▪ Observed one training session on September 7, 2022, organized by ofi. ▪ Observed one internal monitoring session on September 8, 2022.
Fair Labor Investigations	<ul style="list-style-type: none"> ▪ Verify that the company investigates suppliers for alleged non-compliances, reports its follow-up on remediation, and engages with unions. 	<ul style="list-style-type: none"> ▪ Verified ofi's participation in the investigation process and action plan implementation for a third-party complaint (TPC) of ofi's Giresun Piraziz facility. ▪ The complaint was accepted on November 6, 2018. The investigation started on November 26, 2018, and the TPC report was published on April 19, 2019. The action plan implementation verification was completed on June 21, 2021.
Stakeholder Engagement	Verify the company's integration of perspectives from CSOs and other relevant organizations, on the company's social compliance program.	<ul style="list-style-type: none"> ▪ Verified participation in FLA's Hazelnut Working Group under the HTF project. ▪ Verified various partnerships with local NGOs, academia, government entities, and other groups for: <ul style="list-style-type: none"> ▪ Community mobilization on promoting decent work standards; ▪ Mobilization and registration of labor intermediaries; ▪ Promotion of reproductive health amongst seasonal migratory agriculture workers; ▪ Promotion of health and hygiene awareness for seasonal migrant workers; and ▪ Implementation of a protocol with a university on social worker employment to tackle child labor in hazelnut gardens.

ACTIVITIES	PURPOSE	STATUS
FLA Governance and Standards	<ul style="list-style-type: none"> ▪ Verify company participation in FLA activities (e.g., farm assessments and board meetings), standards-setting discussions, piloting of new tools and methodologies, and the development of innovative approaches). 	<ul style="list-style-type: none"> ▪ Verified ofi's participation in the Sourcing Profile Disclosure pilot and that the company provided feedback on FLA traceability requirements. ▪ Verified participation in FLA's Pilot on Fair Compensation Tool in Türkiye (2023-2024). ▪ ofi hosted FLA board members and other member companies for knowledge-building field visits.

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 1A: TOP MANAGEMENT COMMITMENT AND WORKPLACE STANDARDS

Company Member is committed to accountability and transparency through established workplace standards.




WHY: Respect for human rights and a commitment to workplace standards must be driven by a company’s most senior employees. Workers’ rights are more likely to be effectively integrated into all business decisions when a company’s board of directors and/or top management sets clear expectations. Commitment from a company’s upper management is an essential component of an effective social compliance program.

BASELINE REQUIREMENTS FOR MILESTONE 1



CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Internal Commitment (1A.1a) HQ Level	The company has a demonstrated internal commitment from top management (e.g., CEO/ owner/ business unit lead), as well as resource allocation from top management, to uphold and integrate workplace labor standards into business practices and ensure that lobbying and advocacy activities align with and support the standards in the FLA Workplace Code of Conduct.	<p>During several meetings with employees and in the presence of FLA, ofi’s global head of sustainability for nuts communicated the company’s commitment to FLA standards and the Agriculture Program.</p> <p>ofi is committed to integrating workplace labor standards into its business practices through multiple channels, demonstrating a dedication to ethical and sustainable operations. This commitment is upheld by key management figures, including a country manager, chief finance officer, procurement manager, operations manager, edible nuts sustainability manager, and human resource manager, who actively promote these values across the organization.</p> <p>Key performance indicators (KPIs) related to labor standards and sustainability efforts are reported monthly to senior management, ensuring accountability and progress tracking.</p> <p>ofi’s sustainability department operates with a dedicated budget, which is prepared monthly and reported to country management. These reports are subsequently shared with the global management team. The budget also supports ofi’s sustainability and social compliance team, consisting of 15 permanent members who are multi-disciplinary (social, environmental, and technical).</p> <p>ofi does not engage in any paid advocacy or lobbying activities directly or through any association. Hence, there is no policy on lobbying and advocacy.</p>	●

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DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Public Commitment (1A.1b) HQ Level	The company has demonstrated public commitment and transparency in implementing workplace labor standards.	<p>To enhance public transparency, ofi has designed the Hazelnut Trail Brochure and made it publicly available to communicate its commitment to external stakeholders.</p> <p>In its Hazelnut Trail report, ofi's CEO publicly committed to the elimination of child labor as part of the company's nuts program.</p> <p>ofi has publicly declared a zero-tolerance policy for illegal and unacceptable practices, such as forced and child labor, within its operations and supply chains. These principles are embedded in the Fair Employment Policy and the ofi Agri Supplier Code.</p> <p>ofi has publicly committed to promoting social, economic and environmental sustainability. The company included targets on safe and decent work, education and skills diversity, inclusion, economic opportunity, and climate action on its social media channels and its website.</p> <p>Since October 2020, ofi has published an annual sustainability report to inform the general public about its sustainability efforts.</p> <p>ofi's membership in FLA, since 2012, underscores its public commitment to workplace labor standards and transparency.</p>	
Engage with CSOs (1A.1c) HQ Level	The company has demonstrated commitment to engage with CSOs, which includes organizations representing workers.	<p>ofi actively collaborates on collective programs with CSOs to enhance its sustainability and social responsibility efforts.</p>	
Governance Responsibility and Accountability (1A.1d) HQ Level	The upmost levels of the governance structure have clear roles and responsibilities for ensuring that the company is implementing and upholding workplace labor standards.	<p>ofi has a sustainability committee at the global level of operations. A senior independent non-executive director at the board level is responsible for chairing the committee. The committee has published its position on human and labor rights, outlining its commitments and principles. This position paper also highlights its global governance framework.</p> <p>ofi's CEO is manages the Hazelnut Trail program, while the global head of sustainability for nuts provides strategic direction, monitoring, and accountability.</p> <p>ofi's country manager is oversees country-level implementation. The team and reporting structure is as follows:</p> <ol style="list-style-type: none"> 1. Country manager 2. Sustainability manager 3. Sustainable operations coordinator 4. Field-level agronomists, social workers, and certification officers 	

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DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Code of Conduct and Compliance Benchmarks (1.2 a) HQ Level	The company has written workplace labor standards.	<p>ofi adheres to a comprehensive set of workplace labor standards, including the FLA Workplace Rules and Compliance Standards, the FLA Code of Conduct and Benchmarks, the Olam Code of Conduct, Olam Supplier Code of Conduct, and the ofi Agri Supplier Code.</p> <p>ofi also publicly shared its position on human and labor rights. The paper underscores the company's key commitments, including a prohibition on forced labor, child labor, gender-based violence, and human trafficking within its operations and supply chains. The supplier codes outline the human rights standards expected from suppliers and business partners, ensuring responsible practices throughout the supply chain and their commitment to remediation.</p> <p>While ofi's standards refer to the United Nations Guiding Principles on Business and Human Rights (UNGP) and ILO standards, they also provide reference points to the UN Global Compact.</p>	
Code of Conduct and Compliance Benchmarks (1.2 b) HQ Level	The company's labor standards meet the requirements in the FLA Workplace Code of Conduct.	<p>ofi has updated its ofi Agri Supplier Code of Conduct in alignment with the FLA Workplace Code of Conduct. Its implementation will start with an introduction to all suppliers.</p>	

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 1B: RISK ASSESSMENT AND TRACEABILITY

Company Member uses risk assessment to prioritize its workplace labor compliance program implementation and progressively increase supply chain traceability.



WHY: A risk assessment should help guide a company's actions in high-risk countries and an implementation plan. A plan to improve supply chain traceability overtime will help the company put a social compliance program in place.

BASELINE REQUIREMENTS FOR MILESTONE 1

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline



DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Risk Assessment (1B.1a) HQ Level	The company has evidence that it conducts risk assessments to prioritize key commodities, countries per commodity, and salient labor rights issues.	<p>ofi only sources hazelnuts in Türkiye, where it has prioritized risks based on the type of workers, geographies, information from an in-field risk assessment conducted by a local assessment agency, and numerous studies conducted during the USDOL funded project. Salient human rights and working condition risks (wages and living conditions) were identified. Based on the risk analyses, ofi held sessions in 2012-2013 with FLA and local stakeholders to prioritize risks (child labor, health and safety, and living conditions) and at-risk workers (seasonal migratory agriculture workers). These activities informed the company's responsible sourcing program.</p> <p>ofi integrates risk assessments into its quality system through tools such as the Sustainability Workers Health & Safety Risk Evaluation and the Sustainability Risk Analysis Form. These forms, managed in Excel, assess sourcing-related decent work indicators, including child labor and gender inequality.</p> <p>The risk assessment employs a grading system that prioritizes higher-risk issues, such as child labor, by assigning specific priority grades. High-risk items are evaluated separately. ofi takes targeted actions to mitigate these risks effectively, ensuring a proactive approach to addressing critical labor and social concerns.</p> <p>ofi has been integrating and continuing to improve its sustainability program based on these risk assessments. The current priority areas are also guided by these risk analyses to focus on creating a sustainable and responsible hazelnut supply chain while addressing key social, environmental, and economic challenges such as child labor, work standards, traceability and transparency, health and safety, gender equality and women's empowerment, and community engagement, among others.</p>	

MILESTONE 1 ASSESSMENT SUMMARY

DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Supply Chain Traceability (1B.2a) HQ Level	The company has evidence that establishes a progressive, timebound commitment to reach full supply chain traceability and reports on the progress.	<p>ofi employs dedicated systems such as the Olam Farmer Information System (OFIS), which records and tracks sustainability and corporate social responsibility (CSR) activities. With the AtSource sustainability insights platform, ofi sets traceability targets, defines metrics, and reports on progress. This platform provides customers with end-to-end supply chain transparency.</p> <p>ofi has disclosed its supply chain information to FLA. Currently, over 9,000 hazelnut farmers are registered in the OFIS, which leverages GPS technology and detailed surveys to provide insights into improving yields and quality. Since 2013, ofi has operated sustainability programs for over 20,000 hazelnut farmers. These programs include annual audits of a sample of farms, in collaboration with FLA. Building on these learnings, ofi has launched the Hazelnut Trail program.</p> <p>ofi is planning to enhance its traceability system, starting with suppliers such as traders and crackers, and then extending it to farmers. To support this initiative, ofi organized a sustainability department orientation to engage and motivate staff on expanding traceability activities.</p> <p>Traceability is managed through the Olam Traceability System, which is used for all sustainable procurement records. ofi aims to achieve 100% traceability in its direct supply chain by 2030, according to the Nut Trails 2023 Impact Report.</p> <p>Direct supply chain actors include farmers, farmer groups, and Manavs (Tier One suppliers). Manavs are considered part of the direct supply chain. Although Manavs do collect farmer information, they do not share it with ofi due to the volatility of the market and desire to remain Tier One suppliers. All suppliers must sign an agreement with ofi and commit to the requirements of its sustainability program, inform their farmers about ofi's Code of Conduct (i.e., to cascade the standards), or help ofi's team organize trainings for groups of farmers.</p> <p>ofi has a plan to achieve 100% direct supply chain traceability. The company reports its traceability goals and progress in its Sustainability Report, ensuring transparency and accountability. FLA will review the progress and changes in ofi's direct supply chain and its traceability in Milestone 2 and Milestone 3.¹</p>	
Sourcing Profile Disclosure (1B.2b) HQ Level	The company has evidence that it discloses its sourcing profile publicly for in-scope commodities.	<p>ofi disclosed its sourcing profiles in accordance with FLA Milestone 1 requirements. Its current sourcing country is Türkiye.</p>	

1 This benchmark (P1B.2.a) requires “In Progress” as the minimum to achieve Milestone 1. Further evidence will be verified at the country-level to confirm “Implementation” during Milestones 2 and 3.

MILESTONE 1 ASSESSMENT SUMMARY

DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Commodity Implementation Plan (1B.3a) HQ Level	The company has evidence that it has a progressive implementation plan in accordance with risk assessments, salient labor rights issues, and evolving supply chain traceability.	<p>Based on its risk analyses, ofi prioritized five pillars as described in its Hazelnut Trail report:</p> <ol style="list-style-type: none"> Safe and decent work: Eliminating unsafe working conditions and child labor risks within the supply chain (e.g., 1,926 labor contracts issued and signed to protect the rights of seasonal workers; 21 summer schools opened hosting 1,176 children; and 201 labor contractors registered with the Turkish employment system, paving the way for regulated employment in the sector). Education and skills: Enhancing educational opportunities and skill development for farming communities (e.g., 16 schools equipped with stationery kits, libraries and computer equipment, benefiting 1,559 children). Diversity and inclusion: Promoting gender equality and inclusivity across all operations (e.g., 43% of women farmers in ofi supply chains trained on agricultural practices; 100% of women farmers and workers in ofi sustainability programs received health check-ups; and 5,188 women workers trained on fundamental human rights and working conditions). Economic opportunity: Improving the livelihoods of farmers and workers through fair labor practices and community investments (e.g., 21,112 farmers trained on agricultural practices; 3,911 farmers received one-to-one consultancy from ofi agronomists; and farmers achieved 12% average yield increase.) Climate action: Implementing environmentally sustainable practices to reduce the carbon footprint of hazelnut production. <p>ofi has a plan to achieve 100% direct supply chain traceability (P1B.2.a).</p>	
Resource Allocation (1B.3b) HQ Level	The company has evidence that it has allocated resources to support its workplace labor compliance program implementation.	<p>ofi has an internal team of 15 persons (and one supervisor) executing the sustainability program. This team has the financial means to carry out field activities as described in the implementation plan. The team also has allocated resources to participate in the FLA Agriculture Program and works with CSOs, universities, experts to enhance the program.</p> <p>ofi also dedicated resources for its active engagement in several sustainability projects, including its Summer Schools Program, Training for Women Seasonal Migrant Workers, library renovations in Ordu, access to clean water and hygiene, identification and training of agricultural labor intermediaries, Gender Equality and Women's Producer Training, and Training for Seasonal Agricultural Workers.</p>	

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 2: RESPONSIBLE SOURCING AND PROCUREMENT

Company Member aligns its sourcing/procurement practices with commitment to workplace labor standards.




WHY: The sourcing practices of buyers and the sales and planning practices of suppliers affect workplace conditions and worker well-being. Without consistent and systematic attention to responsible purchasing and production practices, companies can undermine their efforts toward ethical working conditions in factories. This principle evaluates how headquarters' business practices (such as design, costing, and sourcing) are managed to support workers and address any negative impacts on working conditions.

BASELINE REQUIREMENTS FOR MILESTONE 1

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline



DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Policies and Procedures (2.1a, b) HQ Level	a. The company has evidence of a written responsible sourcing/ procurement policy that considers supply chain models and characteristics, risk assessment, and traceability. The policy should include aspects such as: <ul style="list-style-type: none"> ▪ Payment terms and conditions; ▪ A payment schedule; ▪ Any incentives or premiums offered; ▪ Support for farmer income and fair compensation for workers; and ▪ Engagement with business partners to understand the impact of procurement practices on farmers and workers. 	<p>ofi has an internal procurement process manual, which describes contracts with farmers, cash payments, farmers' rights to sell, and confirmation of payments.</p> <p>The Sustainability Program Participation Agreement between ofi and its Tier One suppliers outlines their mutual responsibilities and commitments to achieving sustainable and traceable hazelnut sourcing. The agreement includes provisions for financial incentives based on compliance with program requirements, such as maintaining traceability and conducting training activities. ofi also has a farmer agreement template which stipulates similar type of provisions.</p> <p>Premium payments to farmers and Tier One suppliers (Manavs) are based on traceability and training, as outlined in the Sustainability Agreement. Farmers and Manavs under the certification traceability system receive premiums based on a defined calculation method. The company has revised its premium calculation method to ensure fairness, incorporating parameters such as purchase quantities, coefficients, and updated metrics, which is explained to the farmers through one-on-one meetings once they become "group farmers" and collective trainings (usually between October-July). The company provides detailed information on payment terms, methods, and periods during one-on-one meetings. The team also notes each farmer's bank details for payment at the meetings. The information explained verbally in meetings is also written in each farmer's contract.</p>	●

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DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Policies and Procedures (cotinued) (2.1a, b) HQ Level	b. The company has evidence of written procedures that stipulate implementation of the policy.	ofi signs a Sustainable Agriculture Farmer Contract with farmers. The contract, under “The Organization’s Responsibilities” section, states that ofi makes a cash payment to the farmers once it receives the hazelnuts. ofi’s finance department makes the payments and the responsible agronomists confirm the receipt of money with the farmers. Payments are usually made between March-July.	
Implementation (2.2a, b) HQ Level	a. The company has evidence that staff members from relevant departments are periodically trained on the procurement/sourcing policies and procedures. b. The company has evidence that staff upholds the responsible sourcing/procurement policies and procedures through all terms and conditions defined in its sourcing/procurement agreements.	The human resources department organizes and plans all staff trainings annually through a training calendar, including a training on responsible sourcing policies and procedures via the orientation pack. Weekly team meetings are held, and sustainability staff trainings and meetings are recorded under “Trainings & Meetings Attended by Sustainability Staff.” ofi has an annual planning meeting before each crop season with the procurement and sustainability staff from all regions (east, west and the Black Sea region). The country management team joins from time to time. During this meeting, staff plan for the new season, incorporating the learnings from the past year and reflecting on the results of the field investments in the previous year. During Milestones 2 and 3, FLA will collect information on these meetings. ²	
Accountable (2.3a, b, c) HQ / Country Level	a. The company has written records that senior management reviews and assesses the impacts of its sourcing/procurement practices and the performance of staff responsible for implementing responsible sourcing/procurement practices. b. The company has evidence that it periodically seeks feedback through dialogue with business partners, without fear of retaliation, to understand the impact (positive or negative) of its sourcing/procurement practices on farmers and workers.	ofi’s training and development process is integrated with its performance evaluation system and career planning policies. The company conducts an annual review of its sourcing practices during internal monitoring, with collaboration between the sustainability and procurement departments. Performance results are shared across departments and reported to senior management. Field staff use the OFIS program to track monitoring and training records, which are reviewed by management. Feedback is collected through supplier and producer evaluations, as well as internal monitoring forms, and is followed up to ensure continuous improvement. Feedback has highlighted the need for enhanced training materials and practical support for farmers, prompting the company to take corrective actions. Additionally, the company signs model orchard agreements with leader farmers, establishing them as role models to demonstrate and share best practices with other farmers in their region.	

2 This benchmark (P2.2.b) requires “In Progress” as the minimum to achieve Milestone 1. Further evidence will be verified at the country-level to confirm “Implementation” during Milestones 2 and 3.

MILESTONE 1 ASSESSMENT SUMMARY

DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Accountable (continued) (2.3a, b, c) HQ / Country Level	c. The company has evidence of improvements in its sourcing/ procurement practices based on senior management review of internal, cross-discipline, and business partner dialogue and engagement; and on-the-ground impact of company practices.	The “Living Wage & Living Income” research conducted in the field under the HTF project can be considered a significant step in this context. This research serves as a foundational effort to better understand income levels and wage adequacy for workers and farmers in the supply chain.	
Supplier Evaluation and Incentives (2.4a, b) HQ / Country Level	a. The company has evidence of a pre-sourcing and ongoing supplier evaluation system, which includes assessment of a business partner’s commitment to workplace labor standards and cascading the requirements upstream. b. The company has evidence of steps taken to motivate its business partners to implement responsible sourcing/ procurement practices.	ofi evaluates suppliers’ commitment and performance on labor standards through the Supplier Evaluation Questionnaire and the Raw Material Supplier Inspection Checklist during supplier evaluations and internal monitoring. Suppliers are required to sign a Sustainability Agreement, adhere to the ofi Supplier Code, and implement its provisions in their trade practices. ofi has clarified and revised its premium calculation method. The premium payments are explained to farmers and intermediaries (Manavs) in the traceability training, as outlined in the Sustainability Agreement. During Milestones 2 and 3, FLA will check how the supplier evaluations are used to incentivize suppliers. ³	

3 This benchmark (P2.4) requires “In Progress” as the minimum to achieve Milestone 1. Further evidence will be verified at the country-level to confirm “Implementation” during Milestones 2 and 3.

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 3: COMPANY STAFF TRAINING

Company identifies and trains specific staff responsible for implementing workplace standards and responsible purchasing practices and provides training to all head office and regional staff.


WHY: Effective implementation of social compliance standards depends on having staff at headquarters who are well-trained and tasked with clear responsibilities around human rights and workplace standards. Additionally, all headquarters staff must be aware of the company's commitment so that workplace standards are embedded throughout the business.

BASELINE REQUIREMENTS FOR MILESTONE 1

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Responsible Staff (3.1a, b, c) HQ and Country Level	a. The company has an organizational chart designating title, name, and contact information of responsible individual(s). b. The company has job description(s) or other equivalent to demonstrate relevant responsibilities for implementing labor standards. c. The company has evidence of a process in place to determine the ongoing personnel needs of the labor compliance program.	ofi has an organizational chart that includes the designating title, name, and contact information of each responsible individual. Every position has a defined job description, which is incorporated into the company's sustainability management. Detailed job descriptions and the organizational chart are documented and accessible through supporting evidence files. The sustainability team consists of 16 members. The roles and titles are as follows: <ul style="list-style-type: none"> ▪ One sustainability manager; ▪ One sustainability operations coordinator; ▪ One regional supervisor; ▪ One social projects officer; ▪ One office assistant; ▪ Three social workers; and ▪ Eight agricultural engineers. 	

MILESTONE 1 ASSESSMENT SUMMARY

DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
Staff Training (3.2a, b, c) HQ or Country Level	<p>a. The company has evidence that it provides appropriate training or other professional development covering all areas of the FLA Workplace Code of Conduct and Principles, the integration of standards into business practices, and awareness on the consequences of planning and sourcing/procurement practices on working conditions.</p> <p>b. The company has evidence that its training program encompasses training evaluation, feedback incorporation, and training improvements.</p> <p>c. The company has evidence that it measures awareness and knowledge gained.</p>	<p>ofi's human resources department organizes and plans all-staff trainings annually through a training calendar, including a training on responsible sourcing policies and procedures via the orientation pack. Weekly team meetings are held, and sustainability staff training and meeting recordings are saved in the "Trainings & Meetings Attended by Sustainability Staff" folder.</p> <p>ofi conducts an annual evaluation of staff training needs and plans the necessary training sessions in its training calendar.</p> <p>A dedicated budget for staff training is allocated during the annual budgeting process. Additionally, the company allows flexibility to include new training sessions outside the planned calendar when specific requests or capacity improvement needs arise.</p> <p>The company has conducted a FLA Workplace Code of Conduct training for its staff and provides separate training sessions for internal monitors.</p> <p>The sustainability department has also organized an orientation presentation to familiarize staff with the company's sustainability activities.</p> <p>ofi established a system to evaluate training outcomes. Training sessions include Q&A evaluations, and online surveys are used post-training to assess the effectiveness of the sessions and trainers' performance.</p> <p>The company assesses the effectiveness of trainings during internal monitoring activities and administers exams to gauge understanding. If results are unsatisfactory, the training is repeated to ensure comprehension.</p> <p>These sessions address topics such as working principles, agricultural practices, working conditions, and environmental issues, tailored to meet the pre-determined training needs of each group.</p>	

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY

Company Member identifies, researches, and engages with relevant labor non-governmental organizations, trade unions and other civil society institutions.

WHY: Labor-focused CSOs help companies better understand local conditions and issues that most acutely impact workers, which enables companies to make their supply chains more responsive to workers’ needs.

BASELINE REQUIREMENTS FOR MILESTONE 1

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
CSO Engagement Strategy and Mapping (9.1a)	The company has a map of stakeholders and a strategic plan for local and international CSO outreach engagement, taking into account the high-risk areas and salient human rights issues. This includes trade unions active in the supply chains (at the farm level) where the company operates.	of social workers maintain detailed records of their research on potential stakeholders for collaboration. The company organizes regular meetings with these stakeholders and maintains a comprehensive global list. It has also been partnering with local organizations, governments, and local leaders (Muhtars).	●

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 10: VERIFICATION REQUIREMENTS FOR FLA MEMBERSHIP

Company Member meets FLA verification and program requirements.

WHY: FLA requires that companies maintain SOPs related to FLA membership to ensure that they are upholding FLA requirements regardless of employee turnover, changes in ownership, changes in supply chain, etc. FLA's Agriculture Program Milestone 1 requirements state that companies must have their SOPs in place before achieving Fair Labor Accreditation.

BASELINE REQUIREMENTS FOR MILESTONE 1

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION AND KPI	FLA STANDARD	OFI SYSTEM & PERFORMANCE	OFI PROGRESS
FLA Membership (10.2.a, 10.3.a, 10.4.a, and 10.6.a)	<p>a. The company participates in FLA due diligence activities, including assessments at facilities and company headquarters, as applicable.</p> <p>b. The company completes a standardized annual report on its fulfillment of the Principles of Fair Labor and Responsible Sourcing; the company provides information regarding its internal management systems tools, protocols, and other documents required for verification.</p> <p>c. The company maintains a complete and accurate profile and list of facilities with FLA and publicly; the company has updated this profile within the last year.</p> <p>d. The company pays annual FLA dues and applicable fees on schedule.</p>	<p>ofi has been actively participating in FLA farm assessments, sharing its supply chain data, and providing FLA accredited assessors with access to farms. ofi also participates in FLA's Agriculture Committee (AGCO).</p> <p>In addition, ofi promotes and shares its experience and best practices through the FLA HTF project. This initiative enables ofi to contribute to industry-wide efforts, fostering a unified approach to labor rights and ethical sourcing.</p> <p>ofi shares its farm list with FLA annually.</p> <p>The company regularly pays its membership and assessment fees.</p>	●