



Nestlé 2012 Hazelnut Harvest Report: Implementation of Nestlé Responsible Sourcing Action Plan on Hazelnuts from Turkey

Update November 2012

Background and Introduction:

In early 2012, Nestlé launched the implementation phase of its Action Plan on Responsible Hazelnut Sourcing¹ by engaging closely with its key hazelnut suppliers in Turkey to develop a leaner, more transparent supply chain back to the farm, and to put in place adequate assessment, monitoring and remediation systems to ensure sound labour practices. The Action Plan also includes steps that aim to raise awareness among Nestlé's upstream suppliers and at an industry-wide level. This engagement followed a 2011 report by the Fair Labor Association (FLA), initiated by Nestlé, to assess labour practices in the Turkish hazelnut supply chain.

Nestlé Key Actions so far:

In 2012, Nestlé evaluated hazelnut suppliers accounting for 90% of the Turkish exports market, and identified two companies that are best positioned to supply Nestlé with hazelnuts from transparent supply chains. Both companies have auditing and remediation systems in place that are a prerequisite in working toward eliminating any cases of child labour in the hazelnut supply chain. These two suppliers were selected for pilots that were implemented in 2012. These pilots will also serve as "lighthouse projects" for other Nestlé supply chains. A possible third supplier is undergoing further evaluation on its recent due diligence activities.

Also in the first quarter of 2012, Nestlé worked with CAOBISCO (the European confectionery trade association) to facilitate the establishment of a multi-stakeholder platform. Through FTG (the Hazelnuts Exporters Group) and SEMAD (the Turkish confectionery association), CAOBISCO engaged with the Turkish Ministry of Labor to chair the first roundtable meeting on 4th July, 2012.

Progress Achieved Through Nestlé Key Actions:

1. As part of the Action Plan, Nestlé together with its selected suppliers defined pilot regions. Individual gardens and plantations within these regions will directly supply hazelnuts to Nestlé.

Our suppliers communicated both the benefits of a transparent hazelnut supply chain, and the unacceptability of employing children in hazelnut harvesting to the upstream value chain. The ultimate aim is to establish ownership and accountability of the entire value chain to bring about both sound labour practices, and self-remediation of any issue by producers.

We have registered manaus and farmers that commit to eliminating child labour. These suppliers cover more than 4,000 farms that will supply hazelnuts to Nestlé markets all around the world. Our suppliers commissioned independent third party audits (via Intertek) of the 323 farms that supply Nestlé. Audit results indicated an average compliance rate in August 2012 of 97.73% against Nestlé's underage workers criteria based on pertinent ILO conventions. Eighty-seven child workers were observed among 3,827 hazelnut workers overall. Of the 323 farms visited, child labour was observed at 46 farms, representing an 85.76% compliance rate.

By embedding assessment, monitoring and remediation mechanisms in the supply chain, Nestlé aims to achieve its objective of continuously improving compliance figures with the ultimate goal of completely eliminating any cases of child labour .

2. Our suppliers' multi-pronged actions have helped establish awareness of child labour across the upstream value chain, and among other stakeholders. Local farmers have committed to eliminating child labour and labour contractors understand their responsibility regarding the issue. The local press has paid attention, and has provided positive coverage of the companies' efforts.
3. The outcome of the July 2012 multistakeholder roundtable meeting was an agreement to proceed with a smaller working group, and to engage the entire industry in the [actions](#) decided by the group.

Next Steps:

1. Nestlé plans to increase its hazelnut volume sourced through this transparent supply chain model that prioritises the elimination of child labour, By the end of 2012, we expect that 50% of our Turkish hazelnuts will be sourced from transparent supply chains audited by independent third parties and 75% by 2013.
2. In line with our Action Plan published in March 2012, by 2014 we commit to sourcing 100% of our Turkish hazelnuts from transparent supply chains that are subject to adequate labour assessments, and monitoring and remediation systems to identify and eliminate any cases of child labour.
3. Nestlé also aims to further extend its bottom-up approach, and to include working conditions, health and safety aspects within the scope of its remediation strategy as stated in relevant provisions of the FLA Workplace Code of Conduct. To achieve this, we will work with our suppliers to further develop our farmer base. We will also perform more comprehensive farmer training and sensitisation on these aspects.
4. Nestlé will continue to actively contribute to the roundtable meetings and participate in actions decided by the working group to establish sustainable solutions for the Turkish hazelnut sector as a whole.
5. Nestlé plans to facilitate a meeting to discuss overall progress with its own stakeholders in Q1 2013, and to seek inputs to further development of its actions.

1. http://www.nestle.com/Common/NestleDocuments/Documents/Creating%20Shared%20Value/Rural_development/Nestle-Action-Plan-Hazelnuts-Turkey.pdf