

# PROGRESS REPORT ON CHILD LABOUR IN THE HAZELNUT SUPPLY CHAIN IN TURKEY

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## COMMITMENT TO ELIMINATION OF CHILD LABOUR

In 2010 Nestlé committed that its products will not be associated with child labour.

To achieve this, Nestlé is implementing the **Responsible Sourcing Guideline (RSG)** for hazelnuts which requires garden owners (in countries of production), to work toward full compliance against best ethical and sustainability practices as a means to

ensure the elimination of child labour from the hazelnut industry. Our RSG also puts a special focus on labour conditions and health & safety in hazelnut gardens.



All sub-tier (indirect) suppliers to Nestlé are required to meet our RSG requirements. To this end, suppliers who do not meet these requirements today, but are willing and can show measurable progress in working toward them, are receiving support from Nestlé to help them make the relevant transformation:

- In 2012, Nestlé became a member of the Fair Labor Association (FLA) which led to the development of a new approach with respect to supply chain transparency and the implementation of a monitoring and remediation system for tackling child labour and addressing labour standards.
- By working with people in the field — in this case our two key hazelnut suppliers, OLAM-Progida and BALSU – we are building a greater understanding of child labour issues in the hazelnut supply chain in Turkey, as well as its root causes (e.g. migrant labour), which is key to addressing them.

Nestlé is following this approach to implement its RSG requirements and live up to its corporate commitment to eliminate child labour in the key commodities used in our products. While the issue of child labour is complex, Nestlé's determination to "walk the talk" and collaborate with other stakeholders has delivered a number of key results.

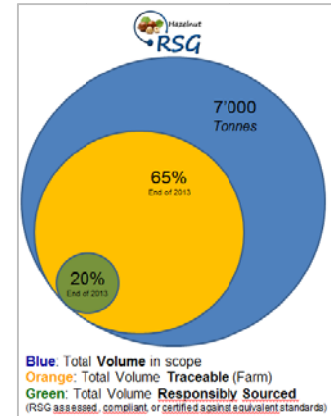
## OUR RESULTS TO DATE

Since we began working on the responsible sourcing of hazelnuts, we have:

- Focused on Turkey as this country accounts for 80% of worldwide hazelnut production,
- Directly engaged with suppliers responsible for 65 % of our global hazelnut volume,
- Traced back these nuts through processors, crackers, manavs (middlemen) to finally reach 3,610 hazelnut garden owners located in four key regions of the Turkish supply, representing 80% of our supply in nuts from Turkey.


**By March 2014:**

- 65% of our global hazelnut volume can be traced back through two upstream supply chain partners. Eighty per cent of this volume can be traced back to 3610 farms in Turkey.
- Within this traceable volume, 20% is Responsibly Sourced, meaning gardens have been assessed and are in a continuous improvement plan, or have been reached by training, technical assistance, or have been offered personnel protective equipment, drinking water, etc.


**Key figures:**

- 2,750 Manavs, crackers and garden owners have been reached by 65 Training & Awareness building sessions conducted jointly by Nestlé, OLAM-Progida and BALSU.
- 351 gardens have been assessed against our RSG requirements:
  - Employee status and working conditions of 3,055 garden workers have been reviewed,
  - 77 instances of children working have been found (and a further 120 were identified during Healthy Camps run by OLAM-Progida, See picture page 3),
  - Inadequate standards with respect to worker safety and hygiene (personal protective equipment, access to drinking water, soap for hand washing in toilet facilities, emergency kits for minor injuries etc.) have been observed in 75% of visited gardens,

**Remediation:**

Together with key suppliers, OLAM-Progida and BALSU and via a joint effort with the ILO/CAOBISCO Public Private Partnership) we have provided the following in between 30%-40% of the gardens we have visited:

- Training and awareness sessions, which are being conducted according to need, *Depending on requirements*
- Personal protective equipment,
- First aid kits,
- Potable drinking water and hand soap,

- Displaying of posters (to promote awareness of the enforcement of the no child labour policy)



### ILO PROJECT

The objective of the ILO Project was to contribute to the elimination of the Worst Forms of Child Labour in seasonal agriculture in line with the Turkish Government’s strategy. During this last hazelnut harvest, the project helped withdraw children or prevent other children from working, in addition to providing counselling to families and training to hazelnut garden owners and suppliers.

### WORKING WITH STAKEHOLDERS

“Nestle will continue to support the ILO based project on removal of child labor as part of the Public Private Partnership organized via Caobisco. We believe a multi stakeholder approach to such a challenge is crucial to improving the practices of the industry while setting a leadership example (Marco Goncalves, Nestle Group Head of Procurement).



### EXAMPLES OF NESTLÉ RSG WORK



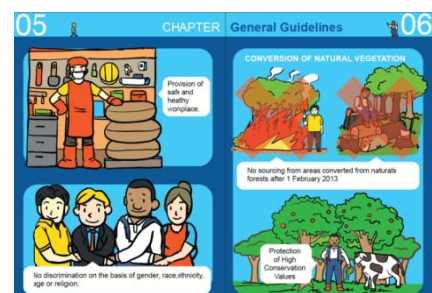
OLAM has been deeply involved from the outset of the FLA investigation to identify possible instances of child labour in the upstream hazelnut supply chain in Turkey. In 2012, OLAM-Progida became a member of the FLA, followed by BALSU in 2013 and began deployment of training and awareness sessions in the field, in collaboration with Nestlé. Together with Intertek, the independent monitoring firm mandated to assess hazelnut gardens, they identified all sources of hazelnut supply and encouraged the disclosure of issues by garden owners in order to identify root cause of child labour and suggest a possible way forward.



One of OLAM-Progida “healthy camps” providing free health services to kids present in gardens and migrant labor campus.

### No Child Labour – Assessment is not enough

Working on the elimination of child labour from the hazelnut supply chain in Turkey cannot be limited to assessment based activities. The practice is undoubtedly present and knowing precisely where is vital to eliminating this problem. However, the actions to monitor and remediate are even more crucial. As part of our Corrective Action Plan submitted to the FLA in late




\* Example of visual to be distributed

December 2013 we committed to:

1. Continuing to interface with the local authorities and the ILO to raise awareness with respect to good working conditions. This will be done through campaigns, distribution of an illustrated supplier code in Turkish,\* and targeted trainings.
2. Establishing a toll-free phone number as a non-compliance reporting mechanism available to anyone in the supply chain.
3. Introducing a self-assessment tool for hazelnut growers to regularly verify their performance with respect to the child labour criteria. This will be overseen by those responsible for Nestlé's internal monitoring process.
4. Working closely with local organisations and tier-1 suppliers to further strengthen the child labour monitoring and remediation system.

These four key activities will help to cluster remediation activities according to findings on the ground.

### **FLA ROLE IN SUPPORTING AND MONITORING OUR APPROACH**

 Nestlé has been working with the FLA to improve its understanding of the complex issue of child labour in the hazelnut supply chain in Turkey. Nestlé commissioned the FLA in 2011 to conduct a risk mapping of the Turkish hazelnut supply chain. Since then, the FLA has provided recommendations and guidance on improving workplace conditions in Nestlé's supply chain in this country.

In 2013, as a requirement of Nestlé's affiliation, the FLA has carried out an evaluation of Nestlé's activities in the hazelnut supply chain at the garden level. The FLA monitoring has included assessment at the hazelnut garden-level, interviews with workers involved in the hazelnut harvest and investigations in the surrounding areas. Through these activities, the FLA has been able to identify the progress of Nestlé's approach as well as the areas which we need to consider in order to continue to implement a more robust, mature monitoring and remediation system.

Progress has been made as a result of the FLA membership and Nestlé looks forward to extending learnings over the coming 2014 harvest in Turkey.