

THIRD PARTY ASSESSMENT

ÖZ-EGE TURKEY

Tavas and Muğla regions

AGRICULTURAL LABOR PRACTICES PROGRAM



Control Union Certifications

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GLOSSARY OF TERMS and ACRONYMS

ALP	Agricultural Labor Practices
ALP Code	PMI's Agricultural labor practices code
ALP Code Principle	Short statements that set expectations of how the farmer should manage labor on his farm in seven focus areas
ALP Steering Committee	Inter-department group charged with ALP implementation
ALP Program	Agricultural Labor Practices Program
CA	Corporate Affairs
CU	Control Union
CPA	Crop Protection Agents
Crew leader	Person responsible for recruitment, supply and/or managing a group of workers.
ETS	Ekici Takip Sistemi; Growers Tracking System
EU	European Union
Family farm	A farm that depends mainly on family members for the production of tobacco
Farm Profiles	A data collecting tool developed by PMI with Verité to track the socio-economic status of the farms, systematically gather detailed information about, among other things, the type of labor employed, farming activities that minors may be involved in, and hiring
GAP	Good Agricultural Practices
GTS	Green Tobacco Sickness
Leaf tobacco supplier	A company that has a contract with PMI to supply tobacco but is not a farmer
Migrant labor	Migrant labor refers to labor that comes from outside the farm's immediate area. Migrant labor can come from a neighboring region in the same country, or from a different country.
Measurable Standard	A Measurable Standard defines a good labor practice on a tobacco farm and help us determine to what extent the labor conditions and practices on a tobacco farm are in line with each of the ALP Code principles
NGO	Non-Governmental Organization
OC	PMI Operations Center (Lausanne, Switzerland)
Oriental tobacco	A sun-cured, highly aromatic, small-leafed variety of tobacco
Phase 1	Startup of ALP Program (training, communications, outreach)
Phase 2	ALP Program full implementation (monitoring, addressing problems)
Piece work	Payment at a fixed rate per unit of production/work
PHILSA	Philip Morris joint venture in Turkey
PMI	Philip Morris International, Inc. or any of its direct or indirect subsidiaries
PMIM SA	Philip Morris International Management SA
PPE	Personal Protection Equipment
Prompt Action	A situation in which workers' physical or mental well-being might be at risk, children or a vulnerable group – pregnant women, the elderly - are in danger, or workers might not be free to leave their job
STP	Sustainable Tobacco Production
Support mechanism	A way for workers to access information and get support in difficult situations and for workers and farmers to get support in mediating disputes. Farmers have access to additional services to improve labor and business practices.

1. ALP Program background and assessment overview



THIRD PARTY ASSESSMENT

ÖZ-EGE TURKEY

Tavas and Muğla regions

AGRICULTURAL LABOR PRACTICES PROGRAM

In 2011, Philip Morris International Inc. (PMI)¹ launched a worldwide Agricultural Labor Practices (ALP) program to progressively eliminate child labor and other labor abuses where they are found and to achieve safe and fair working conditions on tobacco farms from which PMI sources tobacco. This program applies to all tobacco farms with which PMI's affiliates or PMI's leaf tobacco suppliers have contracts to grow tobacco for PMI and consists of four main components:

- 1) the Agricultural Labor Practices Code, setting clear standards for all tobacco farms growing tobacco from which PMI ultimately buys;
- 2) an extensive training program for all PMI and leaf tobacco supplier's staff that are directly involved with tobacco growing, in particular the field technicians providing regular visits to the farms;
- 3) a multi-layered internal and external monitoring system; and
- 4) involvement of external stakeholders and relevant third-parties, including governments and non-governmental organizations (NGO), in improving labor practices and enhancing the livelihoods of tobacco growing communities.

The ALP Program was developed and is being implemented in partnership with Verité, a global social compliance and labor rights NGO. Control Union Certifications (CU) was commissioned by PMI to develop the external monitoring component of the ALP Program working in tandem with Verité to assess PMI leaf tobacco suppliers and tobacco farms worldwide. All PMI suppliers submit internal, annual reports and are assessed regularly on their performance. For the ALP Program implementation, internal reviews are also being performed to assess the progress and challenges in the program's implementation. Third party assessments are periodic reviews undertaken by CU of PMI leaf tobacco suppliers and tobacco farms worldwide.

In this initial stage of implementing the ALP Program, these third party assessments focus solely on the ALP Program implementation. They specifically focus on each leaf tobacco supplier's progress in implementing the ALP Code framed against the strategic objectives set by PMI.

The ALP Code contains seven principles:²

1. **Child Labor**
There shall be no child labor.
2. **Income and Work Hours**
Income earned during a pay period or growing season shall always be enough to meet workers' basic needs and shall be of a sufficient level to enable the generation of discretionary income. Workers shall not work excessive or illegal work hours.
3. **Fair Treatment**
Farmers shall ensure fair treatment of workers. There shall be no harassment, discrimination, physical or mental punishment, or any other forms of abuse.
4. **Forced Labor**
Farm labor must be voluntary. There shall be no forced labor.
5. **Safe Work Environment**
Farmers shall provide a safe work environment to prevent accidents and injury and to minimize health risks. Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers.
6. **Freedom of Association**
Farmers shall recognize and respect workers' rights to freedom of association and to bargain collectively.
7. **Compliance with the Law**
Farmers shall comply with all laws of their country relating to employment.

¹ For the purposes of this Code, "PMI" means Philip Morris International, Inc. or any of its direct or indirect subsidiaries.

² The full ALP Code is contained in appendix 2.

The implementation of PMI's ALP Program by leaf tobacco suppliers that purchase tobacco for PMI has been divided into two phases:³

Phase 1

- Management personnel and field technicians at supplier level understand the ALP Code and the implementation approach, ensuring capacity of people and the processes in place to roll-out and manage the ALP Program;
- Communicate the ALP Code, requirements and expectations to all farmers;
- Document Farm Profiles for every contracted farm, identifying risk areas and tracking communication efforts to farmers;
- Being aware and engaged to identify situations and incidents at farms that should be both reported and addressed immediately.

Phase 2

- Collect detailed information about labor practices on every contracted farm;
- Systemically assess each farm for status of the Measurable Standards outlined in the ALP Code;
- Create and implement an improvement plan for each farm to improve the implementation of all required standards;
- Identify and implement corrective and/or preventive measures to identify and address the root causes of potential situations not meeting the standards and risks found on the farms;
- Report systematically on the progress that is being made;
- Support mechanism in place.



(Source: Verité & PMI, 2011)

³ Often, there is not a strict distinction between the two phases of the ALP implementation. In practice suppliers in many countries start considering how to address and respond to situations that do not meet the Code and to monitor changes before formally finishing Phase 1.

2. Öz-Ege assessment: Scope and methodology



THIRD PARTY ASSESSMENT

ÖZ-EGE TURKEY

Tavas and Muğla regions
AGRICULTURAL LABOR PRACTICES PROGRAM

This report of Öz-Ege's tobacco growing operations in the Tavas and Muğla regions of Turkey, is the eighth external ALP assessment by Control Union, since the launch of PMI's ALP Program in 2011. The review was conducted in August 2014 when Öz-Ege was completing its third crop season under the ALP Program and its first year of implementing Phase 2.

2.1 Scope

The farms contracted by Öz-Ege within the scope of the assessment were divided into two regions: Tavas (68%) and Muğla (32%). All farms within the scope produced oriental tobacco. Regarding farm size, 24% of the farmers were growing less than 1 hectare, 37% between 1.1 and 2 hectares, and 39% more than 2 hectares.

2.2 Opening meeting

On 4 August 2014, CU started the assessment at PHILSA's (a Philip Morris International Affiliate) factory in Torbali, near Izmir, in a meeting with Öz-Ege's senior management (some of whom are members of the ALP steering committee), the ALP coordinator and regional supervisors. Representatives of PHILSA, Philip Morris International EU & OR regional leaf office, PMI Operations Center (OC) and Verité also attended. In this meeting Öz-Ege provided an overview of the continuing implementation of ALP and CU presented the objectives of the assessment.

2.3 Staff interviews and ALP Program documentation

CU conducted interviews with Öz-Ege's senior management and staff involved in the implementation of the ALP Program. In addition, all five field technicians from the selected regions were interviewed. All interviews were conducted individually so that interviewees felt comfortable to speak freely and raise any issues. Interviews covered the following topics:

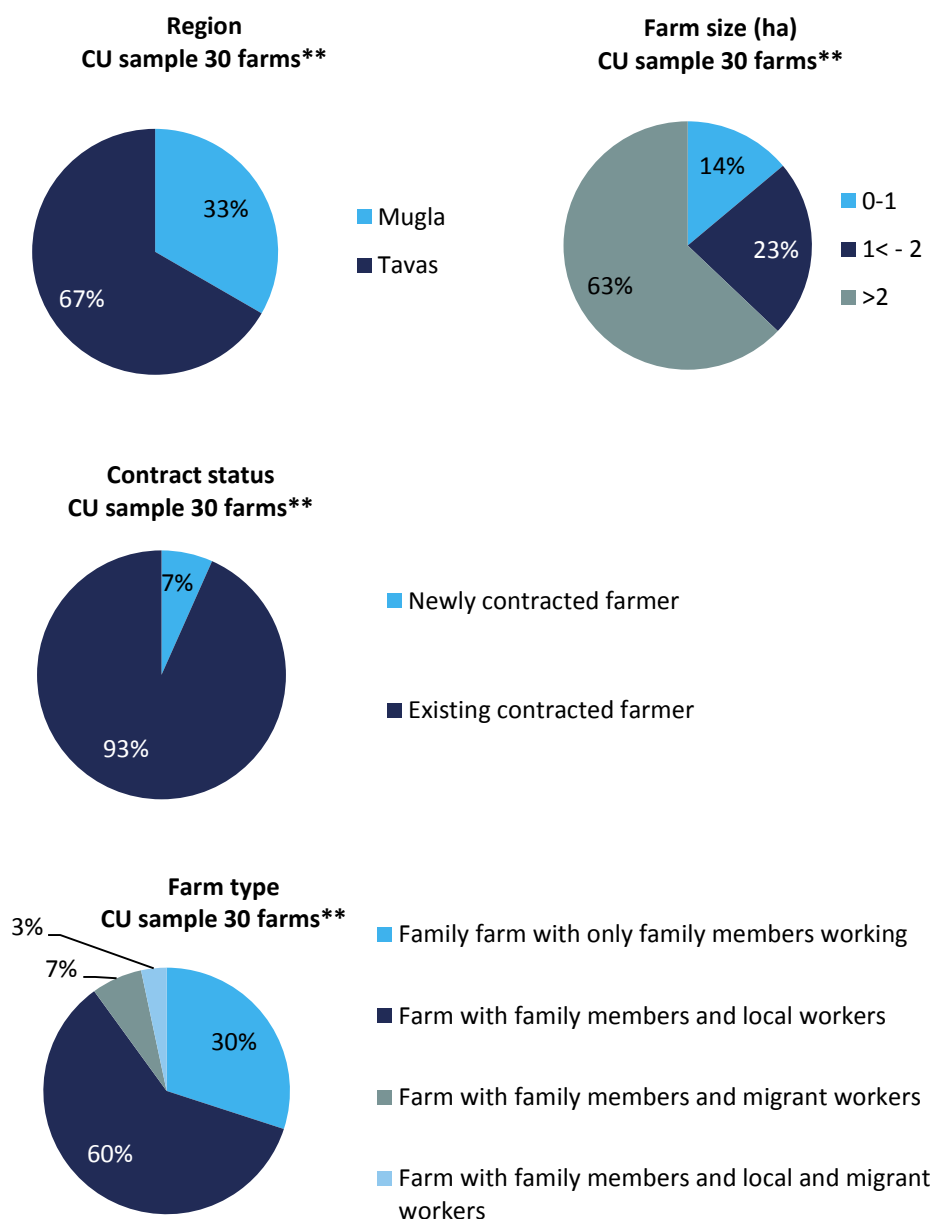
- General awareness of the ALP Program and knowledge of the ALP Code;
- Implementation of the ALP Program at Öz-Ege level;
- Responsibilities of management personnel;
- Internal training and communication on the ALP Program;
- Communication of the ALP Code to farmers;
- Internal system to collect information through Farm Profiles;
- Mechanism for reporting Prompt Actions;
- Steps taken to prepare for Phase 2;
- Methods and tools used for monitoring labor practices;
- Initiatives implemented to address widespread issues; and
- Support mechanism.

CU then reviewed all relevant documentation related to the ALP Program implementation, including: Farm Profiles, farmer communication materials, purchase contracts, Prompt Action reports, training records, personnel records, monitoring forms, and annual job objectives of the ALP coordinator.

2.4 Farm sample selection

At the time of the assessment Öz-Ege purchased tobacco from 769 farms in the Tavas and Muğla regions. CU randomly selected 30 farms to visit, constituting a meaningful sample based on the square root of the total number of farms contracted. The CU sample was purposely skewed towards larger farms, as a larger number of workers were expected to be present on such farms. Consequently, the number presented in this report do not necessarily represent a statistical reflection of pervasive behavior.

The graphs below reflect specific demographic information on the sample of 30 farms visited.



** While the selected farm sample represented the total universe of farms in the two tobacco growing regions, the selection was purposely skewed towards bigger farms, as a larger number of workers were expected to be present on such farms. Consequently, the numbers presented in this report are not a blind indicator of pervasive behavior.

2.5 Farm visits

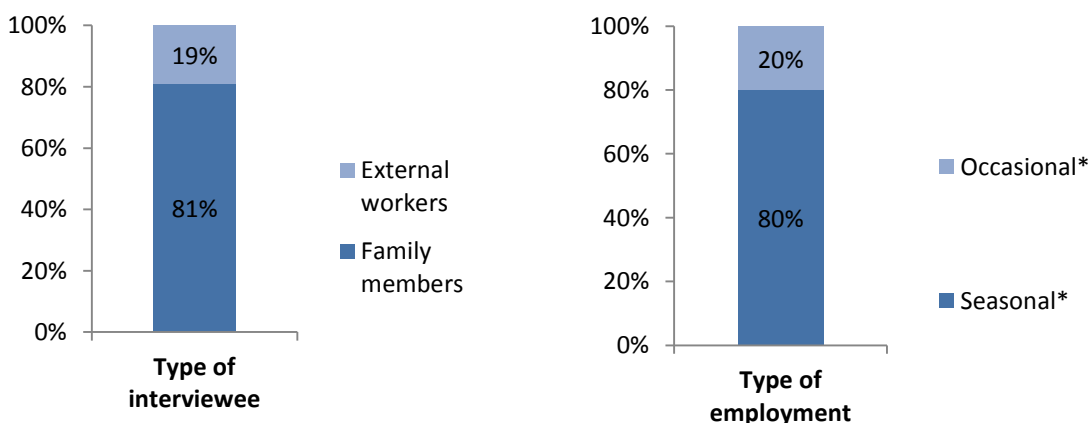
CU used a variety of methods to collect information about farmers' practices at each farm. These included: interviews with farmers and workers, verification of documentation and visual observation in the field, storage rooms, curing barns, working areas and housing. Before each interview, CU explained the purpose of the assessment and assured interviewees that all information would be kept completely anonymous. Farm visits were only announced to the field technicians on the day of the visit, for logistical purposes.

In addition, CU also assessed the effectiveness of Öz-Ege's communication efforts and initiatives through interviews with individual farmers, verifying:

- If the farmers had been made aware of the ALP Code;
- Level of understanding and attitude towards ALP Code Principles;
- Key messages received;
- Perception of and participation in initiatives implemented;
- Willingness and ability to meet the standards of the ALP Code.

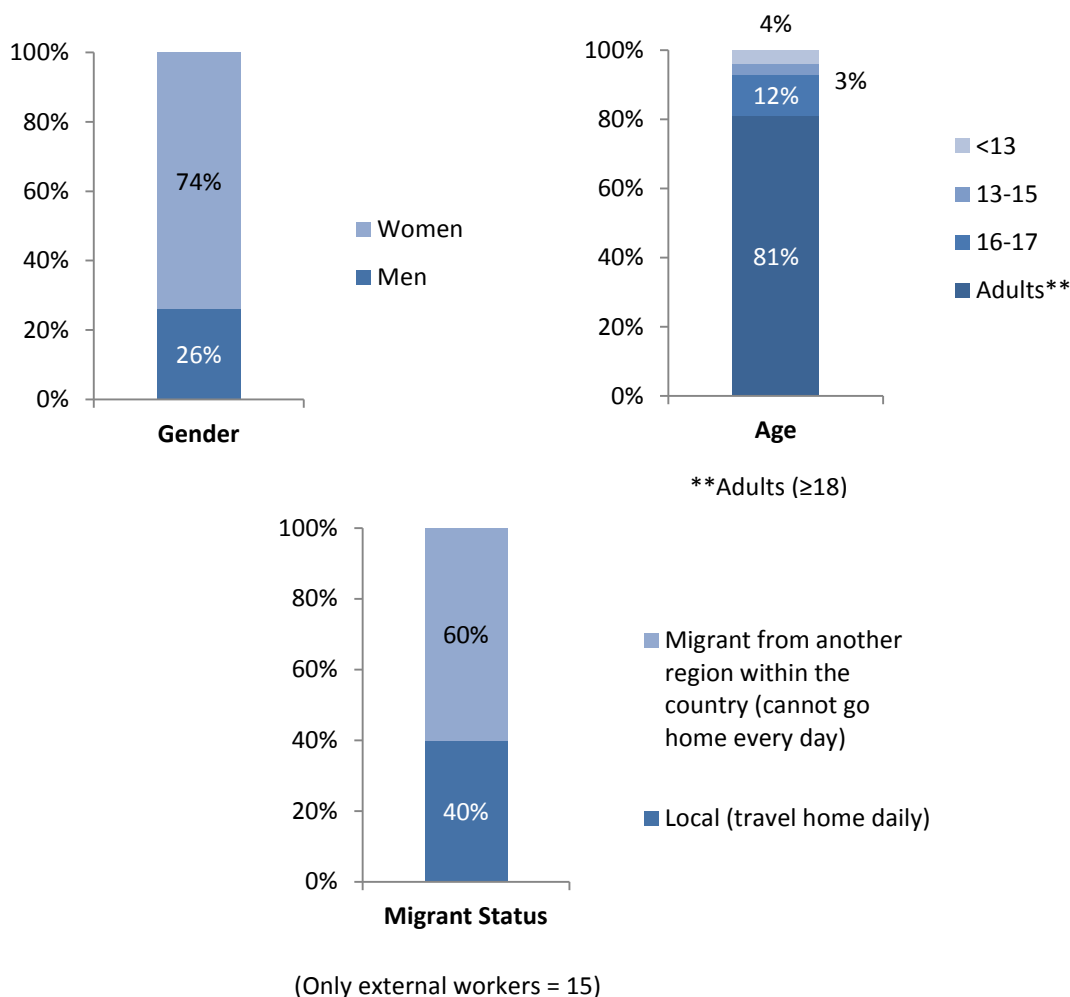
2.6 Persons interviewed

In total, 80 external workers and family members of the farmers visited were interviewed. To avoid bias, interviews with workers were conducted without the farmer and field technician present. On each farm, CU attempted to interview different 'types' of workers, i.e. workers with different types of employment, men and women, family members and external workers. Additionally, visual observations of the working conditions were an important technique during the farm visits. The graphs below illustrate the demographics of the sample.



* Seasonal (1-11 months), Occasional (<1 month)

(Only external workers = 15)



2.7 Closing meeting

The closing meeting was held on 13 October 2014 at PHILSA's factory in Torbali, near Izmir where CU presented the initial findings of its assessment to Öz-Ege's senior management (some of whom were members of the ALP steering committee), the ALP coordinator and the regional supervisors were present, as well as representatives from PHILSA, Philip Morris International's EU&OR regional leaf office, PMI OC and Verité.

2.8 Preparation of the final report

CU's third-party assessment is an important external measurement of the effectiveness and progress of the ALP Program implementation in all countries where PMI sources tobacco. Public release demonstrates PMI's commitment to transparency as an important component of the ALP Program. CU authors the final assessment report with quality control provided by Verité.

While drafting the report, PMI affiliate and/or leaf tobacco supplier may request clarifications on specific findings. After both PMI and the leaf tobacco supplier feel findings have been clarified and understood, a market action plan is prepared or the market revises the existing GAP/ALP Program plans to respond to the findings.

3. Assessment of the implementation of Phase 1 of the ALP Program



THIRD PARTY ASSESSMENT

ÖZ-EGE TURKEY

Tavas and Muğla regions
AGRICULTURAL LABOR PRACTICES PROGRAM

This chapter documents the findings of CU's assessment of Öz-Ege's implementation for Phase 1 of the ALP Program. Phase 1 began with the training for management personnel and field technicians, including:

- 1) Öz-Ege's objectives and expectations;
- 2) The meaning of the ALP Code Principles and Measurable Standards;
- 3) Techniques to communicate the ALP Code to farmers;
- 4) Tracking progress of communication and how to build a Farm Profile;
- 5) Identifying problems when Öz-Ege visits the farmers they support.

3.1 Conduct of the assessment

CU was satisfied with the cooperation and access to company information provided by Öz-Ege. All interviewees demonstrated willingness to explain internal processes and provided their professional feedback. Both management and field personnel were fully transparent during the assessment and provided all support requested by CU. In addition, Öz-Ege provided all the relevant documentation related to the implementation of the ALP Program.

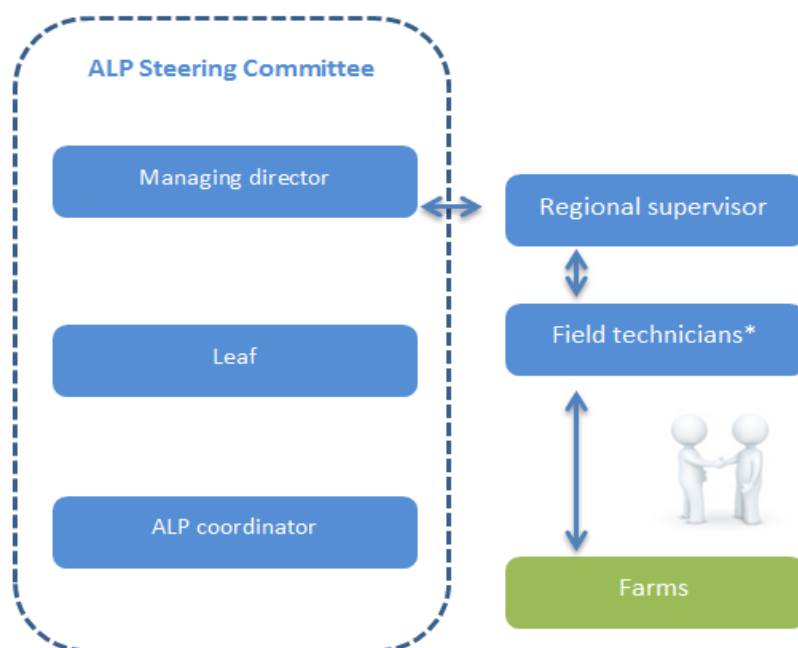
3.2 People and processes to manage the ALP Program

3.2.1 Internal structure for ALP implementation

At the time of the assessment, Öz-Ege had an ALP coordinator and ALP steering committee, in which the leaf department was represented. In order to assure contact with field practices, regional supervisors functioned as intermediaries between the management and field personnel working in close collaboration with the field technicians. As a group, field technicians were wholly responsible for the farms in their regions and visited farmers alternately. Consequently, farmers could be visited and provided with support by different field technicians during the year. On average, each field technician provided support to 154 farmers.

Öz-Ege's response: *"Öz-Ege established a new structure to implement ALP program. Field technicians were assigned specific farmers and, as a result, farmers were visited and provided with support by the same field technicians throughout the year. Öz-Ege expects this change to facilitate the transfer of knowledge from the field technicians to farmers, improve monitoring and reporting, and help field technicians establishing and following-up on improvement plans with farmers."*

Organizational chart for ALP implementation



* Field technicians were wholly responsible for the farms in their regions and visited farmers alternately.

3.2.2 Internal communication and reporting

The ALP Steering Committee responsible for the implementation of the ALP Program held monthly meetings to discuss new developments and progress regarding the ALP. Öz-Ege prepared quarterly reports to PMI which summarized ALP related progress and the issues identified. These reports included the status of initiatives to address widespread issues, farm monitoring, Prompt Actions, Farm Profiles and the progress of ALP implementation.

In order to stay in close contact with the field, regional supervisors visited the local offices every two weeks and field technicians held a short morning meeting to discuss the daily work plan. The technicians also met once a month at the Izmir office to discuss the latest developments in the field, including ALP.

3.2.3 ALP training, roles and responsibilities

All personnel involved in the ALP implementation had been trained and their ALP related responsibilities defined. In November 2011 and December 2013, management personnel were given Phase 1 and 2 workshops, delivered by PMI and Verité. As they were responsible for maintaining close contact with farmers, field technicians received a special training to ensure that tobacco was produced in accordance with PMI's standards. In December 2011, field technicians received the first training on ALP, and in March 2012 were trained on how to communicate the ALP Code to farmers. Initially, all trainings were conducted by PMI's regional team for all field technicians from the four tobacco leaf suppliers⁴ from which PMI sources tobacco in Turkey. In February and March 2014, field technicians received a

⁴ Socotab (Universal Leaf), Alliance One Tütün, Türk Tütün Limited and Öz-Ege.

refresher training on the ALP Code and a specific training on ALP phase 2 was organized by Öz-Ege's ALP steering committee. In April 2014, they were additionally trained on how to conduct monitoring with the new software system: the "Growers Tracking System" (ETS).⁵ During this training, field technicians learned how to record information on their tablets, during field visits.

3.2.4 Understanding of the ALP Code Principles

Field technicians had a good understanding of, and experience with, the ALP Code Principles addressing child labor and safe work environment. These were two of the principles chosen by Öz-Ege as focus areas. Their knowledge on the principle of fair treatment was adequate. Although forced labor was also included in Öz-Ege's focus, field technicians' understanding was limited. With regards to the remaining ALP Code Principles (income and work hours, freedom of association and compliance with the law), the understanding was more limited;

1. Principle 2 (income and work hours): field technicians were aware of the legal minimum wage according to *labor law*, however, this is not applicable. The applicable legal minimum wage is stated in the Decision of Minimum Wage Determination Commission issued by the Ministry of Labor and Social Security, being 37,80 TL a day. None of the field technicians were aware of this legal minimum wage.
2. Principle 4 (forced labor): field technicians were unaware of the risks that could be associated with forced labor regarding financial agreements between farmers and workers including end of harvest payments or advance payments during winter. The risks of forced labor associated with the hiring of labor through crew leaders were also unclear for the field technicians.
3. Principle 6 (freedom of association): as there were no worker associations active in the visited regions, freedom of association was a more theoretical concept for the field technicians.
4. Principle 7 (compliance with the law): generally, field technicians could easily reflect on a farm's working dynamic (no contracts, basic agreement on work hours, etc.) but did not have sufficient knowledge to inform farmers on their legal rights.

A thorough understanding of the ALP Code is important to prevent field technicians from developing a blind spot to non-prioritized issues and not being capable to either detect or react appropriately. Additional training is required for the knowledge gaps identified to better guide farmers.

Öz-Ege's response:

1. *"Refresher trainings for FT were organized in July 2015, focusing particularly on the ALP Code Principles to which field technicians understanding were more limited (Income and Work Hours, Forced Labor, Freedom of Association, and Compliance with the Law). The training sessions included information on the daily legal minimum wage, subjects related to payment systems, use of crew leaders and advance payments."*
2. *"A pocket "aide-mémoire" explaining hourly, daily and monthly minimum wage was also distributed to all FT in the second week of July, 2015."*

⁵ Ekici Takip Sistemi: locally developed grower tracking system.

3.3 Communicating the ALP Code requirements to all farmers

3.3.1 The ALP communication strategy

At the time of the assessment, all farmers visited had been included in the communications on the ALP Code, leveraging both group and individual meetings. In 2012, a series of group meetings was conducted for farmers at a common meeting point (village houses). Every group meeting was led by four field technicians, each representing one of the participating tobacco suppliers.⁶ In addition to the group meetings, field technicians informed and trained individual farmers on ALP Code Principles during their regular visits.

From interviews with 30 farmers, it appeared they were generally familiar with the ALP Code. As with field technicians, when farmers were asked about the ALP Code they could easily remember child Labor (93%) and safe work environment (87%).⁷ The principles farmers less easily remembered were income and work hours (57%), forced labor (43%), fair treatment (37%), freedom of association (3%), compliance with the law (3%).⁷ These findings are partly in line with the focus areas previously identified by Öz-Ege's (child labor and safe work environment) and the knowledge of field technicians described in chapter 3.2.4. However, as forced labor was also prioritized by Öz-Ege, farmers' knowledge of this principle lagged behind. Assessment of farmer and worker awareness of ALP Code Principles is reported in more detail in chapter 4.

The inclusion of a clause in Öz-Ege's farmer growing contracts also supported communication efforts with all seven ALP Code principles referenced in simple one line statements. Some ALP related topics were described in greater detail including child labor, income and work hours and Green Tobacco Sickness (GTS).

3.3.2 ALP communication methods and materials

Öz-Ege developed several materials to communicate the ALP Code to the farmers from which they sourced tobacco from. The ALP Code was communicated in full in a leaflet and in a condensed message displayed on an ALP key chain. Öz-Ege also distributed a hat with the ALP logo.

The leaflet included the full ALP Code with a description of all seven ALP Code Principles and their 32 Measurable Standards. This provided the farmers with a clear summary of the topics.



⁶ Participating suppliers in the ALP industry approach were; Socotab, Alliance One Tütün, Türk Tütün Limited and Öz-Ege.

⁷ Percentages refer to the farmers interviewed.

However, as the content was a direct translation into Turkish, little of the information was adapted to the local market.

Communication materials with market specific examples focusing on the legal minimum wage, payment frequency and regulations applicable to Turkish farmers and workers would better inform farmers and help them to adapt their current farm practices. Additionally, the language could be better adapted to farmers.

A condensed message was communicated on a key chain with short statements on all ALP Code Principles. Öz-Ege also distributed a hat branded with its logo, the ALP logo, and a short statement on the ALP Program.



ALP Leaflet

Most farmers stated they had learned about ALP during group meetings (93%) and individual meetings (83%). Fewer farmers said they had received the leaflet (67%) or the key ring (23%). Generally farmers said they learned more from verbal communications than written materials, as they often didn't read them.

The legal wording of all communication materials had been checked by the legal department of PHILSA.

Öz-Ege's response: "A leaflet with concrete examples was developed and distributed to farmers and workers in the last week of June, 2015. The ALP Leaflet included information on the legal minimum wage, payment frequency and relevant other regulations."

3.4 Building Farm Profiles for all contracted farms

As a requirement of Phase 1, Öz-Ege is expected to build Farm Profiles for every farm. PMI has developed a global template for leaf tobacco suppliers to use for the collection of information on socio-economic indicators such as farm size, number of workers, age and number of children in the farmer's family, working status (for example, part time, full time, migrants), the pay period for workers and living conditions.

3.4.1 Data gathering system for Farm Profiles

At the time of the assessment, all farm profiles for the farms visited had been created for 2014 crop season. This was the first year data obtained for Farm Profiles was directly entered into the new electronic data collection system (ETS), using hand held tablets. The development and implementation of this system was a significant achievement. Previously, Farm Profiles were collected on paper forms and Öz-Ege was only able to analyze the data at the end of the season. Now Öz-Ege will be able to analyze the data as soon as the information is collected and uploaded in an online database.

3.4.2 Accuracy of Farm Profiles

CU verified the accuracy of the Farm Profiles finding 72% of the profiles matching the situation on the farm. Of the remaining profiles 28% had limited divergence: the number of reported people working at the farm (21%), the size of the contracted tobacco field (7%) or living conditions on the farm (3%). The discrepancies regarding "people working at the farm" could be caused by the fluctuation in labor requirements during the growing season, which is inherent to the agricultural sector.

3.4.3 Analysis on information Farm Profiles

As could be expected in the launch of an electronic data collection system, ETS experienced technical issues. For example, information did not always populate the correct data fields. In one interview, a field technician reported that sometimes incorrect information was displayed and had to be reviewed and corrected. Over time, improvements in the system should minimize the number of reporting errors and ensure data quality.

Öz-Ege's response: *"The electronic data collecting system (ETS) used by Öz-Ege was also improved at the beginning of the 2015 crop season 2015. The reporting errors previously identified were fixed and the new version of the electronic data collection system allowed to compile reports and produce statistical data for Öz-Ege's analysis."*

3.5 Prompt Actions

PMI defines a Prompt Action as:

"a situation in which workers' physical or mental well-being might be at risk, children or a vulnerable group – pregnant women, the elderly – are in danger, or workers might not be free to leave their job." (source: PMI, 2011)

The Phase 1 of the ALP Program requires Öz-Ege to address Prompt Actions found on contracted farms. Any Prompt Action should be reported immediately to the ALP coordinator, who should then provide guidance on how to either address or escalate within the organization.

3.5.1 Prompt Action reporting mechanism

Since the 2014 crop season, reporting of Prompt Actions was integrated into the ETS. Field reporting was done by field technicians using electronic tablets, enabling the ALP coordinator to directly access the information via the data collection tool. However, the ALP coordinator's interface only displayed aggregate data for the number of Prompt Actions within categories, without any qualitative information on the context for the issue identified.

Prompt Actions and other situations not meeting the standard were recorded on the same form in the electronic data collection system. With a tick box, field technicians could assign a situation as a Prompt Action with an additional space provided for a description. However, field technicians regularly did not use this option and left the

space for extra information empty. The following seven types of Prompt Action were pre-defined for selection: children under 15 hired, family children under 13 working, under 18 driving a tractor, under 18 handling CPA, pregnant/nursing women applying CPA, forced labor, physical or mental abuse. Not all situations with the potential to be classified as a Prompt Action were included in this list. For example children under 18 performing hazardous tasks as defined by PMI, such as harvesting and stringing.

Good quality reporting of issues is crucial to both analyze risks and provide the necessary support to ALP farmers from a rotating pool of technicians. Consequently, ETS is a critical step in helping to aggregate data and will offer more benefits when collated with additional information to better identify root causes and design mitigation strategies. Since the beginning of the 2014 crop season, 33 Prompt Actions were recorded regarding child labor and 9 Prompt Actions on safe work environment.

Although not described in the Prompt Action procedure, CU identified that field technicians distinguished between urgent and non-urgent Prompt Actions although there was no clear description of which was which. When considered urgent, field technicians directly reported the Prompt Action to the regional supervisor. With non-urgent Prompt Actions, field technicians reported that they knew how to react and tried to resolve the issue themselves. The regional supervisor was only contacted if the field technician was not able to resolve the issue during the follow up visit. Either way, urgent and non-urgent Prompt Actions were recorded as Prompt Actions in the ETS.

The timing for the follow-up visit after the identification of a Prompt Action was not suggested in the procedure. Field technicians reported that they conducted a follow-up within two to four weeks after they encountered the situation. CU identified that the verification of re-occurrence of issues was a challenge. Prompt Actions were only reported when actually observed during the farm visit. As work was not always in progress on the farm during a field technician's visit, it was challenging to determine whether a Prompt Action was resolved or was a recurring issue.

3.5.2 Understanding and reporting Prompt Actions

Regarding the recording of Prompt Actions in the field, field technicians were mainly aware of, and focusing on, the pre-defined types of Prompt Actions. As some of these types were not described in detail it was also not clear for the field technicians what was actually meant by these categories. For example the category 'children under 15 hired' was better defined than 'forced labor', for which field technicians were unaware of the situations that should be assigned as a Prompt Action. This may be because these situations were uncommon in Turkey. Regardless, CU identified several risks regarding forced labor on the farms it visited and field technicians should be able to identify these as risks and further investigate the situation (see chapter 5.4).

Prompt Actions regarding child labor in a family setting were reported on 17% of the farms visited. All of the farmers were aware of the fact that a Prompt Action was reported by the field technician. CU identified re-occurrence on two of the

farms with previously reported Prompt Actions in the 2014 crop season. For the remaining farms, the farmers reported they had found a solution to prevent their children from being involved with tobacco related activities. One farmer stated that he had enrolled his children in a summer course while another farmer arranged for the grandmother to supervise the children while the parents were working in the field. Another farmer promised that he would not employ his nephew again.

Öz-Ege's response: *"In order to improve the reporting procedure and Field Technicians' capability to identify and record prompt actions, Öz-Ege:*

- Reviewed and updated the list of prompt actions in the electronic data collection system (ETS) in line with the guidance provided by PMI.*
- Trained FT on how to identify and report prompt action issues, including qualitative commentary.*
- Further developed the ETS in April, 2015, enabling the ALP coordinator, ALP supervisors and also FT to compile reports with qualitative information including the context of the issues identified.*
- Conducted refresher trainings to FT in July 2015 focused on Forced Labor, Income and Work Hours and Compliance with the law."*

4. Assessment of the current status of Phase 2 of the ALP Program



THIRD PARTY ASSESSMENT

ÖZ-EGE TURKEY

Tavas and Muğla regions

AGRICULTURAL LABOR PRACTICES PROGRAM

This chapter describes the findings on the current status of Öz-Ege's implementation of Phase 2 of the ALP Program. As Öz-Ege had recently initiated Phase 2, certain requirements such as improvement plans were not yet implemented.

When leaf tobacco suppliers decide they are ready to implement, PMI introduces them to the Phase 2 of the ALP Program. This does not necessarily mean that all Phase 1 requirements have been achieved. PMI and Verité then provide training to the ALP Country Team which includes:

- 1) Preparation of the ALP Country Team to train staff to systematically monitor labor practices on farms;
- 2) ALP status update;
- 3) Introduction to Phase 2;
- 4) General approach for monitoring before, during and after a farm visit; and
- 5) Next step and planning for the upcoming season.

4.1 Monitoring of labor practices farm by farm

In Phase 2, leaf tobacco suppliers are expected to start monitoring labor practices on individual farms. They select a minimum of 2 ALP Code Principles to focus their efforts on in the first year of implementation, progressively monitoring all ALP Code Principles and Measurable Standards.

4.1.1 Building capacity for Phase 2

In order to ensure that all relevant staff was prepared for Phase 2 of the ALP Program, Öz-Ege's management personnel received trainings from Verité and PMI OC in May and December 2013. Field technicians and regional supervisors, who were responsible for visiting the farms, were given trainings on Phase 2 in February and March 2014, delivered by the ALP coordinator.

4.1.2 Selection of issues

Öz-Ege started the implementation of Phase 2 with a focus on the three principles identified by them as priority areas: child labor, safe work environment, and forced labor. These focus areas were identified together with the PMI's regional team and were based on Öz-Ege's analysis of the Farm Profiles.

4.1.3 Mechanism for monitoring labor practices

Farm-by-farm monitoring was started in the 2014 crop season and the information collected by Öz-Ege's field technician recorded in the ETS system, together with the Farm profiles and Prompt Actions. Although Öz-Ege's focus for monitoring was on the three prioritized principles (child labor, safe work environment, forced labor), all seven principles of the ALP Code were included in the form. This increased the work load for field technicians, however, it did not contribute to the quality of reporting as the knowledge of field technicians was insufficient to properly monitor the non-prioritized principles (income and work hours, freedom of association, compliance with the law).

Field technicians created a new monitoring form in ETS for every visit for which they conducted monitoring. Situations not meeting the standard were recorded on the monitoring form, while situations meeting the standard were not recorded. As a result, it was not possible to distinguish between situations meeting the standard and topics that had not been checked during the visit, as the ETS input field was left blank. In order to determine the number of farms meeting the standard, information on monitored topics per farm is important. Forms from previous monitoring visits were available to field technicians and the visit date and responsible field technician were shown. However, as the field technicians had to switch between different input screens to access this information, there was no clear overview of the issues identified during previous visits.

Monitoring forms were available for all farms visited during the assessment, however, when verified by CU 28% of the forms were found to be empty. As explained above, this meant there were either no issues identified or the topics with empty fields had not been monitored. CU also verified the quality of reporting for the remaining 72% of forms and found that for 18% there were differences between the information on the form and the situation on the farm. The following information was missing on the forms:

- Number of children: for 9% of the forms, children involved in tobacco related activities were not recorded. These differences could be due to the fact that the monitoring was conducted during a different stage of tobacco production when there was a lower risk of finding ALP issues.
- Pregnant women: for other 9% of the forms pregnant women involved in harvesting were not recorded.

On 3% of the farms visited, it was not possible to open the monitoring form due to technical issues. In addition, CU identified several risks regarding forced labor (chapter 5.4), however no issues were reported in the monitoring forms for these farms.

At the time of the CU visits, 67% of the farm monitoring forms had been created for each visit conducted in the 2014 crop season. While monitoring was focused on the three prioritized principles, the quarterly reports submitted to PMI gave results for all 7 principles. Although these results indicated percentage compliance per principle, with the current monitoring and recording practices these percentages could not be verified. In addition, it was not clear at which stage of tobacco production the monitoring had been conducted. Without this information the supplier was unable to identify how good practices and risks evolved during the crop cycle nor how to plan interactions with farmers to better influence their behaviour. For example, the risks of finding children involved in hazardous activities, as defined by PMI, is expected to be higher during the harvest period than during the growing phase.

Öz-Ege's response:

1. *"The ETS software system was improved for the situations meeting the standard during the field visits. A verification button (thick box) was added to the electronic form in February, 2015. This improvement allows Öz-Ege to extract a report with the percentage of farms meeting the standards."*
2. *"The ETS was also updated and the new version included a multiple selection list so that the FT are able to record the stage of production in which the field visit takes place. This improvement to the ETS was completed at the end of June, 2015."*

4.2 Address widespread and/or systemic issues

Phase 2 requires leaf tobacco suppliers to investigate the root causes of the various challenges in the implementation of the ALP, often influenced by external, socio-economic constraints. Because of their diversity, the ALP Program addresses them through two mechanisms. First, initiatives are implemented to mitigate specific risks and improve the overall socio-economic conditions of contracted farms. Second, more inclusive initiatives involving all relevant stakeholders include projects initiated and/or supported by PMI and/or suppliers addressing problems identified at the community level.

4.2.1 Investigation of root causes

As explained in chapter 4.1.2, based on the analysis of the information that was collected via the Farm Profiles, Öz-Ege chose to focus on three principles: child labor, safe work environment, and forced labor. Öz-Ege identified that the main root cause for children working in a family setting was that farmers did not have the financial means to hire labor and were unable to complete all the work themselves. Öz-Ege was in the process of identifying root causes for other issues.

4.2.2 Initiatives to address widespread and/or systemic issues

Öz-Ege had developed initiatives to address child labor and unsafe CPA and harvest practices. In chapter 5, these initiatives are described in more detail together with the findings of the farm assessments.

4.3 Support mechanism

4.3.1 Support mechanism

At the time of the assessment, the support mechanism was not yet in place. PHILSA was exploring different options that would address the local dynamics. The main focus was to establish a support line in cooperation with a specialized call-center supported by a law firm and an independent consultant. This support line should provide farmers and workers with advice and consultation on ALP related matters tailored to the Turkish market. The initial scope was planned to be on child labor, safe work environment and income and working hours.

5. Farm level assessment of ALP Code standards



THIRD PARTY ASSESSMENT

ÖZ-EGE TURKEY

Tavas and Muğla regions
AGRICULTURAL LABOR PRACTICES PROGRAM

Chapter 5 describes the findings of the field assessment and the current status of the ALP implementation at the farm level. At the time of assessment, Öz-Ege was in Phase 2 of the ALP Program engaging directly with farmers to address any situations not meeting the ALP Code standards. As Öz-Ege had just initiated Phase 2, the farm assessment should be viewed as a baseline for supporting further implementation.

Before presenting the findings, it is important to clarify the structure of the ALP Code as this determines CU's analysis of farm practices. The ALP Code (Appendix 2) has seven ALP Code Principles enshrined in short statements designed to guide farmers on specific practices resulting in safe and fair working conditions. Each ALP Code Principles has several Measurable Standards.

A Measurable Standard defines a good practice that over time can be objectively monitored to determine whether and to what extent the labor conditions and practices on a tobacco farm are in line with each ALP Code Principle. Each of the following chapters includes one of the seven ALP Code Principles and CU's findings. It also covers the risks (situations that may lead to problems in the future or about which a conclusion cannot be reached due to lack of evidence). As discussed in 4.2, Öz-Ege's initiatives to address widespread and/or systemic issues are also included in this chapter.

5.1 ALP Code Principle 1: Child labor

Background

Minimum age regulations: There is no age limit for child workers subject to the *Code of Obligations*, as it is not explicitly set forth under the legislation. However, the *Preliminary Education and Education Law (Number 222)* states that children aged 6 to 13 are subject to mandatory education. If a child is not pursuing mandatory education, they cannot be employed whether they are paid or not. If a child is pursuing mandatory education, then they can be employed outside of school hours. In addition, the ALP Code

stipulates that the minimum age for child workers is 15. In the case of family farms a child may help on their family farm provided that the work is light and the child is between 13 and 15 years old, or above the minimum age for light work as defined by the country's law, whichever offers greater protection. As mentioned before and according to this assessment and the information collected by CU, child workers were hired under the Code of Obligations which does not provide an age limit. However, according to the Turkish Labor Code 4857 employment of children who are fifteen (15) is prohibited. In addition, children who are fourteen (14) and completed their primary education, may be employed for light work 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. Turkey had also ratified the ILO Convention concerning Minimum Age for Admission to Employment (1973). This Convention sets out that the minimum age shall not be

ALP Code Principle 1

Child labor

'There shall be no child labor.'

less than the age of completion of compulsory schooling and, in any case, shall not be less than fifteen (15) years.

Regulation of working hours: There is no regulation of working hours for children working subject to the *Code of Obligations* as it is not explicitly covered by legislation. Although not directly applicable, the *Labor Law* and the *Children and Young Employees Regulation* include certain limitations in this regard; namely that work for children who have completed their basic education and are no longer attending school shall not exceed 7 hours a day or 35 hours a week. For children 15 and older, this work may be increased up to 8 hours a day and 40 hours a week. The working hours of children attending school during the school year must fall outside their training hours and shall not exceed 2 hours a day and 10 hours a week. In addition, the *Children and Young Employees Regulation* sets out that children and young employees shall not be employed on national and public holidays. Their weekly rest day shall not be less than forty (40) hours without the deductions.⁸

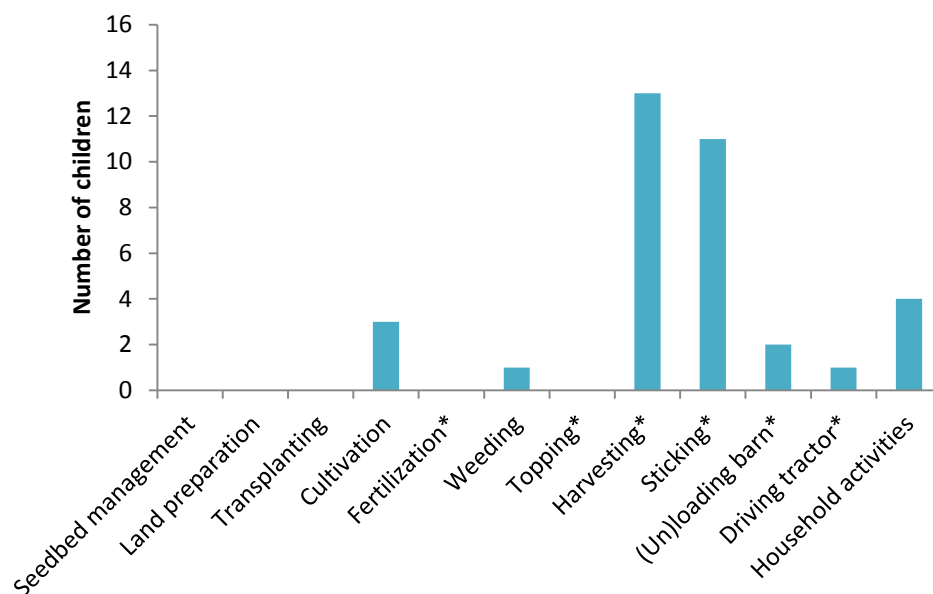
Child labor: Overall findings and challenges

5.1.1 Prevalence of children working

On 30% of the farms visited, a total of 15 children below 18 were found working. Of these, five (33%) were aged below 15 and three (20%) were below 13 years (two aged 12 and one aged 10). 11 (73%) were children of the farmer, one was a niece of the farmer and one was the sister of a farmer. The remaining two children, aged 15 and 16, were related to a migrant worker (child and niece) and therefore considered to be employed. Two children, both aged 15, were working full shifts and a full work week, while the remaining children only worked during the school holidays. All children under 15 were attending school.

All 15 children were involved in hazardous activities as defined by PMI as summarized in the graph below. Note that one child can be involved in more than one activity.

⁸ According to the *Children and Young Employees Regulation*, persons who have attained the age of fourteen (14) but have not attained the age of fifteen (15) and who have completed primary school are defined as “children” and; persons who have attained the age of fifteen (15) but have not attained the age of eighteen (18) are considered as “young”.



*Tobacco related activities defined as hazardous by PMI.

5.1.2 Awareness of legal minimum working age

The majority of the farmers visited (80%) and slightly less than half the workers interviewed (44%) were aware of the communicated minimum working age of 18. As described in chapter 3.3 on the ALP communication to farmers, Öz-Ege chose to communicate a minimum working age of 18 for tobacco related activities, which was more easily understood by farmers. As children were mainly involved with hazardous activities as defined by PMI, such as harvesting and stringing, and by communicating the age of 18, farmers did not have to determine which light activities were acceptable. While setting the age limit at 18 is clear and simple, the ALP Code does allow children below 18 to be involved in certain activities on the farm (dependent on the age and type of activity, i.e. not hazardous tasks). It is important for farmers to be aware of this, so they can involve their children in cases where this is allowed by the ALP Code.

Öz-Ege's response: "All farmers will be trained to transfer the knowledge regarding minimum working age and hazardous activities to the workers during farm visits throughout the 2015 crop season. Öz-Ege developed and distributed an ALP leaflet to farmers before they started to hire workers, coupled with training on how farmers should explain what constitutes hazardous activities and the minimum working age to workers."

Initiatives to address child labor

Loose leaf curing

During the assessment, Öz-Ege was piloting a new technique for drying oriental tobacco known as 'loose leaf curing'. Instead of sticking tobacco leaves and threading them with a needle and string to hang them for curing, the loose leaves are placed in the hopper of a vento machine and blown into a long woven net. This net can then be hung directly in the curing barn (see picture). By removing the task of stringing, loose leaf curing reduces the labor needed and has the potential to reduce the involvement of children. At the time of the assessment Öz-Ege had distributed 50 vento machines to selected farmers.



While loose leaf curing eliminates the use of sharp needles, children could still be involved in harvesting of tobacco leaves and feeding the curing machine. Although this technique does not fully prevent children from coming into contact with green tobacco leaves, this is a proactive step to mitigate the risk of child labor.

10% of the farmers visited were already using loose leaf curing for part of their harvest and all of them declared that they found the initiative useful. Farmers did not mention the reduction of children involved in stringing as the main reason to use the technique, however, they did say that it enabled them to work more efficiently which reduced labor requirements and associated costs. As farmers will need to invest in the machine, the technique might not be accessible for the smallest family farms.



Frame curing

Öz-Ege was piloting 'frame curing' as an alternate means of eliminating stringing. Tobacco leaves were arranged on a frame and placed in the curing barn. 7% of the farmers visited were using frame curing for part of their harvest. All of them found the initiative useful reporting that they could work more efficiently, reducing time and expenses.

This technique also eliminates the need for sharp needles but does not eliminate the risk of children being involved in harvesting. It is unlikely young children will carry the frames due to their weight, however, older children could help to load the barn.

Öz-Ege's response: "In 2015, Öz-Ege increased the number of loose leaf curing machines in Aegean and South East. 30 new machines in Aegean, 145 new machines in Adiyaman will be distributed throughout. A Leaflet on how to cure tobacco using a vento machine has also been prepared by Öz-Ege's Agronomy Department, coupled with a training program for all farmers. In order to boost the effectiveness of the training, each session will be delivered to a group of five farmers. During the training sessions (6 sessions in Aegean, 15 sessions in Adiyaman), the leaflet illustrating how to use the machines was also distributed to all FT and farmers."

Child labor: Risks

5.1.3 Awareness of hazardous work

23% of the farmers and 61% of the workers interviewed lacked awareness of hazardous activities as defined by PMI. These interviewees were not aware of the health hazards related to working with green tobacco leaves and the exposure to GTS. As clearly defined in the ALP Code, children are not allowed to be involved in hazardous activities, and therefore it is important that farmers are able to distinguish between hazardous and non-hazardous activities.

Öz-Ege's response: *"All farmers will be trained to transfer the knowledge regarding minimum working age and hazardous activities to the workers during farm visits throughout the 2015 crop season. Öz-Ege developed and distributed an ALP leaflet to farmers before they started to hire workers, coupled with training on how farmers should explain what constitutes hazardous activities and the minimum working age to workers."*

5.1.4 Underlying factors that increase risk

Along with the weak financial situation recognized by Öz-Ege as the underlying factor causing child labor (chapter 4.2.1) CU identified two additional factors. First, farmers wanted to pass on the tradition of tobacco farming to their children. Second, in order to prevent children from being unsupervised, their parents had them join them in the tobacco fields so they could be watched.

Child labor: Analysis and Priorities

As the majority of farmers were aware of the minimum working age of 18 and the definition of hazardous activities as defined by PMI, Öz-Ege's communication efforts seem to have been effective. Conversely, the understanding of the workers regarding child labor still needs improvement. The knowledge transfer between farmers and workers could be improved so that farmers create and reinforce awareness with the support of field technicians. Also, despite the awareness among farmers, many children were still found to be involved in hazardous activities as defined by PMI. Increasing communications and promoting the spread of new curing methods could positively influence this situation.

5.2 ALP Code Principle 2: Income and work hours

Background

Minimum salary regulations: According to the *Decision of the Minimum Wage Determination Commission* issued by the Ministry of Labor and Social Security, the daily gross minimum wage for 2014 was TL 37.80. These wages are determined on a "daily" basis not on an hourly basis.

Work hour regulations: The *Code of Obligations* does not set out the maximum daily or weekly working hours for workers who are subject to the *Code of Obligations*. In this case, the ALP Code prevails and states that the maximum regular weekly working hours should not be more than 48 (excluding overtime). In addition, the ALP Code determines that workers should receive at least one rest day per week.

Overtime payment regulations: The *Code of Obligations* (article 402) states that for overtime work, the employer must pay the employee his normal salary with at least an additional fifty percent of the salary. With the consent of the employee, the employer may give vacation days during a suitable time in proportion to the overtime worked instead of overtime payment.

Benefit regulations: The *Law on Social Security and General Health Insurance* (number 5510) states that all workers working for a period longer than 30 days on a farm should be registered at a social security institution. The *Code of Obligations* does not require the employer to provide additional benefits to the employee. The employer is only obliged to provide employees with the benefits set out under the contract or that are customary.

ALP Code Principle 2

Income and Work Hours

'Income earned during a pay period or growing season shall always be enough to meet workers' basic needs and shall be of a sufficient level to enable the generation of discretionary income. Workers shall not work excessive or illegal work hours.'

Income and work hours: Overall findings and challenges

5.2.1 Minimum salary

All farmers visited with hired labor paid their workers at least the legal minimum wage as defined in the *Code of Obligations* (37,80 TL gross daily). Payments were in the range of 40 to 70 TL a day.

5.2.2 Payment schedule

On the farms visited that hired labor, the following payment schedules were found: at 61% of the farms workers were paid daily, at 8% of the farms workers were paid at the end of the harvest, at 23% of the farms workers were either paid daily or weekly and at 8% of the farms workers were either paid daily, weekly or at the end of the harvest. For end of harvest payments, workers received advances on their salaries upon request.

5.2.3 Regular and overtime hours

At 45% of the farms visited with hired labor, workers labored for more than 48 hours a week. Moreover, at 40% of the farms that hire labor, workers did not receive at least one resting day a week. For 33% of the farms that hired labor, workers switched between farms during the week, making the weekly working hours the worker's responsibility. On the farms where hired labor reported they did not take a resting day per week, workers reported working the full harvesting season on the same farm without a resting day. In several cases workers reported they worked between 35 and 90 consecutive days. Workers wanted to earn as much as possible during the harvest season lasting three to four months (June to September). CU also identified long work hours on family farms which did not have the financial means to hire labor.

At 20% of the farms visited that hired labor, CU noted that workers received additional overtime payments for working hours additional to the agreed hours at the start of work. The overtime rate was equal to the regular rate. In one case, extra payment was calculated per piece. One of the workers on this farm worked faster than the other workers and independently agreed with the farmer he would earn extra if he completed more than 60 sticks. This was approximately the amount of daily work done by other workers (who received a fixed daily amount of 60 TL). Overtime payments did not meet the regulations as set forth in the *Code of Obligations*, being the normal salary with at least an additional fifty percent of the salary. Of the remaining farms that hired labor, at 40% of the farms workers reported not receiving additional payment for extra hours and at another 40% of the farms workers reported they did not work any overtime.

5.2.4 Legal benefits

According to the *Law on Social Security and General Health Insurance (number 5510)* workers need to be registered if they are employed for a period exceeding 30 days. None of the workers interviewed during the assessment were registered, however, 80% of them were employed for a period of 1 to 11 months (see chapter 2.5; figure 'Type of Employment'). These workers were not registered at a social security institution, as required, and did not receive any form of social security or insurance for potential work related accidents and injuries. In addition to the cash payment of their salary, workers were mainly provided with meals during the day and in some cases with transport to the field.

Income and work hours: Risks

5.2.5 Awareness of legal minimum wage

70% of the farmers and 44% of the workers interviewed were aware of the monthly legal minimum wage determined by the *Labor Law* of approximately 800 TL per month (net amount according to the *Labor Law* was 891.03 TL per month). However, they were not aware of the minimum daily wage of 37.80 TL as defined in the *Decision of the Minimum Wage Determination Commission* issued by the Ministry of Labor and Social Security. In any case, farmers did not use the minimum wage defined by the *Labor Law* or the *Code of Obligations* as the basis for their payments to workers.

Öz-Ege's response: *"Training regarding income and working hours will be conducted for all farmers during field visits in order to encourage the transfer of their knowledge to the workers throughout the season. Öz-Ege will also encourage farmers to pay workers directly and FT gather information in order to verify whether workers are being paid directly by farmers. During the trainings, farmers will also be reminded that workers also have the option of registering themselves for national social security as defined by the Turkish code of Obligations Law."*

5.2.6 Crew leaders

At 20% of the farms that hired labor, workers were hired via crew leaders. In these cases, the farmer paid both a commission and wages to the crew leader. In this model, the farmer was not in control of the payment creating a risk for improper or

delayed payments. This is also seen as a forced labor risk which is described in chapter 5.4.2.

CU interviewed one crew leader, who stated that crew leaders in general deducted a fee for transport and a fee for arranging the job from the workers' salary. For both services they calculated a fee of around 5 to 10 TL. The crew leader received 70 TL per worker per day from the farmer and the worker received 55 TL.

Öz-Ege's response: "...in 2015, Öz-Ege will conduct a research to gain a better understanding on current wages, and further assess crew leaders' practices, including payment practices and fees charged to workers. The research started in July and it is expected to be finished by December 2015."

5.2.7 Record keeping

60% of the farmers visited with hired labor did not record payments made to workers. Additionally, 47% of the farmers that hired labor did not record hours/days worked or tasks completed. The farmers who paid their workers on a daily basis thought it unnecessary to record these payments. Of the farmers without both records of payment and hours/days worked, 60% paid their workers either daily or weekly, 20% daily and 20% at end of harvest.

Öz-Ege's response: "In 2015, Öz-Ege piloted an initiative to improve farmers' record keeping of payment to workers and hours worked. The pilot project targeted contracted farmers in Tavas' region. Öz-Ege developed and distributed a form to all contracted farms in the target area by July 2015, coupled with a group training on how to record payments and work hours."

5.2.8 Pay slips

None of the farmers with hired labor provided their workers with pay slips. Workers only received payments in cash.

Income and work hours: Analysis and Priorities

Öz-Ege did not identify income and work hours as a priority principle. However, CU identified several serious issues regarding indirect payments, working hours and overtime payments, resting days and benefits for workers. In order to better understand the root causes of these situations and determine whether this principle should receive more attention, further research is required.

5.3 ALP Code Principle 3: Fair treatment

Background

Regulations: The *Code of Obligations* (Article 417) states that: (a) The employer is obliged to take all necessary precautions in order to protect the personal rights of the worker, respect the worker, ensure an environment in the workplace in line with the principles of good faith and especially to prevent the workers from being subject to psychological abuse or sexual harassment and to prevent those who have been subject to these types of acts from suffering further harm from these acts. (b) The compensation for damages arising from the breach of the provisions above and other acts of the employer against the law which causes the death of the worker, damage to the physical integrity or worker's personal rights, is subject to the provisions regarding liability for breach of contract.

ALP Code Principle 3

Fair treatment

'Farmers shall ensure fair treatment of workers. There shall be no harassment, discrimination, physical or mental punishment, or any other forms of abuse.'

Fair treatment: Overall findings and challenges

5.3.1 No evidence of practices suggestive of unfair treatment

CU did not identify any practices of unfair treatment such as physical, sexual and verbal abuse or any form of discrimination. As agricultural workers were relatively scarce in the regions visited, farmers needed to provide a fair working environment so workers remained throughout the season and returned to their farms the following season.

Fair treatment: Analysis and Priorities

Although no issues were identified regarding fair treatment, the planned implementation of an independent support mechanism for farmers and workers is still an important milestone. Support and subsequent analysis will give Öz-Ege insights into the main challenges they face in regards to the ALP Code.

5.4 ALP Code Principle 4: Forced labor

Background

Regulations: Forced labor is prohibited by the *Turkish Constitution (Article 18)*. Moreover, the *Turkish Criminal Code (Article 117)* states that persons shall be subject to imprisonment or an administrative fine in case they: (1) violate the freedom of work and employment by force or by threat or by any act against law, or (2) employ a person or persons by exploiting their desperateness, desolation or dependence with a fee clearly disproportionate to the work, or make such person subject to conditions of work and accommodation incompatible with human dignity.

ALP Code Principle 4

Forced labor

'All farm labor must be voluntary. There shall be no forced labor.'

Forced labor: Overall findings and challenges

5.4.1 No evidence of workers unable to leave their job

All workers interviewed declared that they were free to leave their employment with reasonable notice. None of the workers interviewed said that they were required to make any financial deposits or hand in their original identity documents.

Forced labor: Risks

5.4.2 Crew leaders

As mentioned in chapter 5.2.6, at 20% of the farms visited with hired labor, workers were hired through a crew leader. In these cases payments to the workers were made via the crew leader, without the farmer having direct control. As a result, the farmer could not ensure that workers were receiving the wage they were entitled to, with the risk of workers being paid less than the legal minimum set by the *Code of Obligations*, or not being paid at all.

5.4.3 Advance payments during winter

At 20% of the farms visited that hired labor, workers received advance payments during the winter to ensure that they would work for the farmer the following tobacco growing season. These workers received between 25% and 40% of the wage they would make during the season. These advance payments were made to workers that had already worked for the farmer during the previous season(s). Migrant labor was hired at 50% of the farms with advance payments during winter and received their advances by mail. Not only workers faced a risk with advance payments as the farmer also had the risk of workers not returning to work after receiving their financial advance.

5.4.4 End of harvest payments

At 16% of the farms visited that hired labor, workers received end of harvest payments. On one farm migrant workers came from Kiraz, 145 km from the Tavas region. Workers who received end of harvest payments reported that the farmer provided them with advances upon request.

Forced labor: Analysis and Priorities

Although CU did not find any evidence of workers being unable to leave their employment, several risks of forced labor were identified that require Öz-Ege's attention and further investigation: indirect payment through crew leaders, advances paid in winter, and end of harvest payments. The inclusion of forced labor in the focus of the implementation of Phase 2 is justified and root cause analysis is required to better understand these situations and the risks involved.

5.5 ALP Code Principle 5: Safe work environment

Background

Regulations: There is no specific safety regulation applicable to tobacco farms. However, the general regulation provided by the *Occupational Health and Safety Code* shall be considered as applicable, even to those workers hired under the Code of Obligations. Therefore, the *Occupational Health and Safety Code (number 6331; article 4)* states that employers should take all the necessary measures for the safety and health protection of employees, including the prevention of occupational risks and the provision of information and training and the necessary organization and maintenance of all the needed means and tools. In turn, employees are obligated to observe and follow all the measures taken in the field of occupational health and safety. In addition, employers shall notify, in written form, any work accident and occupational disease which occurs to the relevant regional directorate of labor within two working days.

The *Occupational Health and Safety Code (number 6331; article 15/2)* also states that an employee shall not be engaged for, or employed on, any arduous or dangerous work without a certificate based on the results of a medical examination. The medical certificate shall be obtained from an occupational physician working in a health and safety unit. Any objection to the medical certificates shall be filed to an adjudicator hospital assigned by the Ministry of Health. The decision made by the hospital shall constitute the definitive judgment.

ALP Code Principle 5

Safe work environment

'Farmers shall provide a safe work environment to prevent accidents and injury and to minimize health risks.

Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers.'

In addition (*Occupational Health and Safety Code; number 6331; article 13*), any employee faced with an imminent, urgent and life-threatening danger which may harm his health or endanger his body may make an application to the occupational health and safety board or, in the absence of such a board, to the employer with a request for the determination of the case and a decision for the adoption of necessary measures. In the event the board takes a decision consistent with the employee's request, the employee may refrain from working until the necessary occupational health and safety measure is taken. The employee's wages and other rights shall be reserved during the period he refrains from working.

Safe work environment: Overall findings and challenges

5.5.1 Training and awareness of Green Tobacco Sickness (GTS)

66% of the farmers and 31% of the workers interviewed were aware of the existence and symptoms of GTS. The remaining farmers and workers did not know what GTS was and how they should protect themselves. In the field, workers declared they used long sleeves (70%), long pants (47%) and gloves (27%). Workers often used woven half gloves, with the fingertips uncovered. However, they only partially mentioned GTS as the reason to use protective clothing. In most cases, persons involved in harvesting reported they wore the clothing to prevent their skin from getting sticky from handling the tobacco. Additionally, at 7% of the farms visited, two pregnant/nursing women were involved in harvesting and stringing of tobacco leaves.

Öz-Ege's response: *"In the second week of June, 2015, Öz-Ege developed and distributed a brochure dedicated to GTS prevention to 100% farmers. This brochure was developed to support workers having a training material to improve workers' knowledge on GTS. Shortly after, farmers were trained (July 2015). The GTS brochure focused on illustrating how farmers and workers should prevent and protect themselves using appropriate PPE's such as gloves with fingertips cover, long sleeves shirts, long pants, as well as to be able to identify the symptoms of GTS."*

5.5.2 CPA handling and training

No CPA spraying was observed in the field at the farms visited. Therefore CU did not find any evidence of persons applying CPAs and not wearing the proper PPE. At 56% of the farms visited persons involved in handling or applying CPAs were trained on how to perform the job. In most of the cases where training was given, the farmer was trained (93%), on two farms family members were trained (13%), and on one farm a temporary worker was trained.

As protection against CPAs, persons involved in its application claimed to use gloves (80%), mask (77%), overall/apron (40%), boots (47%) and goggles (27%). Some of the famers reported that they did not use goggles as they were uncomfortable to wear and fogged up. One farmer reported using a thick rubber cover to protect himself during CPA application.

62% of the farmers reported that they respect the re-entry period after CPA application. They verbally informed their family members and workers not to enter the field. 17% of these farmers reported using warning signs after CPA application.

Öz-Ege's response: "FT will reinforce the communication to farmers on the need to keep the CPA application records, comply with the re-entry times, as well as warn workers of the CPA application and re-entry period."

Initiatives to address unsafe farm practices

PPE set

With the aim of improving on farm safety practices, Öz-Ege distributed a PPE set to all farmers. This set was meant to improve the usage of PPE and contained goggles and a mask (FFP1)⁹ for CPA application and reusable rubber gloves. Of the farmers visited, 86% reported they had received the set.

The mask was found to be a dust mask and so inadequate for protection against chemicals. This has the potential to increase the health risk as users might feel more protected and change their behavior accordingly. For example, a worker with a mask could possibly be more exposed to chemicals while spraying CPA, because he/she feels protected. Therefore it is important to only provide suitable materials to the farmers.



PPE set

96% of the farmers that received the PPE set declared they found this initiative useful to create awareness and reported that they were aware of the need for protection against CPA. It seems that the distribution of PPE sets has had a positive effect on their usage which was slightly higher within this group compared to farmers that either had not received the PPE set or found the initiative not useful. Of the farmers that found the initiative useful, 87% reported using gloves, 83% used a mask and 39% used goggles during CPA application.

CPA lockup

By providing a CPA lockup to farmers, Öz-Ege aimed to improve CPA storage practices. 79% of the farmers visited had received the CPA lockup. Farmers acknowledged that proper storage of CPA's was important for their safety and they wanted to prevent their children from reaching the CPA bottles. Accordingly,



CPA lockup

95% of the farmers who had received the CPA lockup declared they found the initiative useful and most of these farmers (90%) stored CPAs in a closed and

⁹ A dust mask of the FFP1 category is not suitable to use as protection against chemicals.

locked storage facility. As this percentage is higher than the percentage mentioned in chapter 5.5.3., this could imply a positive effect that distributing the lockups had on CPA storage practices among farmers.

CPA recording books

Öz-Ege distributed CPA books to their farmers to improve their recording of CPA applications. Of the farmers visited 83% reported that they had received the CPA book, 40% of these farmers declared that they were using it and mentioned that it helped them to trace CPA applications between fields and that it was helpful to remember the dates of application.

The remaining 60% of farmers did not see a benefit in recording CPA applications or forgot to record these applications.

5.5.3 CPA storage and disposal

26% of the farmers visited had not stored their CPA's safely. These farmers did not have a closed and locked CPA storage. CPA bottles were found stored on open shelves or in plastic bags. This posed a significant safety risk especially if children had access, which was the case at 17% of the farms with improper CPA storage. CU also identified cases in which CPA were stored close to tobacco, and food for personal consumption or animal feed.

7% of the farmers visited did not discard empty CPA containers correctly. These farmers either threw them out with regular garbage or the empty containers were left lying around at the farm. Without a collection system in place, farmers were burning or piercing and burying their bottles. The latter was considered to be the best option at the time of the assessment. 14% of the farmers visited declared that they triple washed the CPA containers before disposal.

Öz-Ege's response:

1. *"In July, 2015, additional 2.201 CPA lockers were distributed to the farms (one per farm), accounting for 34% of Öz-Ege's direct contracted farmers across all regions."*
2. *"In addition to the provision of PPE Kits in 2014, Öz-Ege distributed 1.800 PPE set to contracted farmers. The provision of PPE was coupled with training on how to adequately use PPE. Training sessions took place in July, 2015."*

5.5.4 Housing

For all farms visited where workers had to stay overnight (13% of the farms that hired labor), housing was found to be adequate. Farmers took care of their responsibility to provide decent housing to workers. As labor was relatively scarce in the regions visited, farmers had to provide good working and living conditions to encourage workers to stay at their farms and conduct the necessary work.

5.5.5 Clean drinking and washing water

All farmers visited provided clean drinking water near the field. At only 10% of the farms visited no washing water and/or soap was found close to the working area. In two cases washing water and soap was not provided to all workers. In one case the farmer provided the workers with water, however, soap was not provided. Soap and water are needed to wash the hands and body after contact with green tobacco leaves in order to lower the risk of GTS.

Safe work environment: Risks

5.5.6 General safety measures

To ensure a safe and sanitary work environment for both family members and workers, it is important that farmers are aware of general safety hazards at the farm and take measures to prevent accidents, injury, and exposure to health risks. CU identified the following issues:

- 57% of the growers visited did not store all their equipment and tools safely posing a risk to children. At 67% of the farms without proper storage of equipment and tools, children were walking around the farm supervised.
- 87% of the farmers visited did provide a first aid kit at the farm.

Öz-Ege's response:

1. *"Throughout the season, during the farmer visits, FT will verify whether sharp tools such as stringing needles safely are stored properly and safely."*
2. *"Öz-Ege distributed 3.225 first aid kits in Aegean, 2.217 in Adıyaman, and 617 in Basma. Distribution was completed at the end of April, 2015."*
3. *"In July, 2015, Öz-Ege distributed a key holder with emergency phone numbers to 10.985 contracted farmers (100%)."*

Safe work environment: Analysis and Priorities

Öz-Ege's focus on CPA and PPE practices seems to have had a positive effect on the awareness of farmers. A substantial number of farmers were aware of how to store CPA's and how to protect themselves against the hazard of working with CPA's and tobacco. However, there is still room for improvement among farmers on these topics. Moreover, the awareness of workers was found to be much lower, indicating a relatively poor knowledge transfer between farmers and workers.

Most important, Öz-Ege's initiatives have improved three farm practices. First, the distribution of CPA lockups has positively influenced the storage of CPA in a safer way. Second, the provision of PPE sets has improved the protection against CPA. However, farmers' uptake on the use of goggles for CPA application remains relatively low. Finally and most important, the initiative to provide a CPA book has initiated positive record keeping. While the adoption rate needs to increase, improved guidance to farmers can influence farmers to adopt better record keeping practices. Additional focus could be made on general safety on the farm including the removal of tools lying around and training on how to use first aid kits.

5.6 ALP Code Principle 6: Freedom of association

Background

Regulations: The *Turkish Constitution* (article 33) states that everyone has the right to form associations, to become a member of an association and to withdraw from membership without prior permission. The *Turkish Constitution* (article 55) also states that employees have the right to form trade unions without obtaining permission, that they have the right to become a member of a union and that they can freely withdraw from membership. No one shall be forced to become a member of a union or to withdraw from membership. A person who prevents workers from joining or participating in a trade union conducts a crime according to the *Turkish Criminal Code* (article 118).

ALP Code Principle 6

Freedom of association

'Farmers shall recognize and respect workers' rights to freedom of association and to bargain collectively.'

Freedom of association: Overall findings and challenges

5.6.1 Workers' right to freedom of association

CU found no evidence of farmers disrespecting workers' right to freedom of association. There were also no associations or unions active for workers on tobacco farms.

Freedom of association: Risks

5.6.2 Awareness of freedom of association

The majority of farmers (67%) and all of the interviewed workers were unaware of the workers' right to freedom of association and the purpose it served. They did not understand the benefits an association could provide to them.

Freedom of association: Analysis and Priorities

As no labor unions or worker associations were present in the visited regions, this principle is rather abstract for both farmers and workers. As mentioned before, field technicians also had difficulty understanding the concept of freedom of association.

5.7 ALP Code Principle 7: Compliance with the law

Background

Regulations: As the farmers included in the scope of this assessment each employed fewer than 50 workers, the local *Labor Law* does not apply. In these cases, the *Code of Obligations* (number 6098) applies to workers on tobacco

ALP Code Principle 7

Compliance with the law

'Farmers shall comply with all laws of their country relating to employment.'

farms and states that if a contract has been in force for less than 1 year, the contract can be unilaterally terminated following two weeks terminations notice. If the contract has been in force for 1 to 5 years, it can be unilaterally terminated within six weeks of the termination notice. Furthermore, it is not required by the *Code of Obligations* to conclude an employment agreement in writing. In addition, there is no specific institution to provide legal assistance to farmers. However, if the farmers are members of a trade union, the trade union may provide legal advice to the farmers. In Turkey, according to Article 3 of the Law of Trade Unions and Collective Bargaining Agreements, each trade union can be active in one specialized area of work ("line of work"). Like all farming activities, tobacco farming is considered to be "agricultural work" under the By-Law Regarding Line of Works published in the Official Gazette numbered 28502 ("By-Law Regarding Line of Works"), defining to which line of work a workplace is part of."

Compliance with the law: Overall findings and challenges

5.7.1 Information on legal rights

Farmers and workers generally agreed verbally upon the type of work, the work hours and the wage. No further legal rights such as the legal minimum wage and registration with the social security institution were discussed.

Compliance with the law: Analysis and Priorities

As the *Labor Law* is not applicable to workers on farms, farmers must be aware of the regulations included in the *Code of Obligations*. Support from Öz-Ege should focus on assisting farmers to understand their obligations and how to communicate these legal rights to their workers. At the time of the assessment, workers were verbally informed about the type of work, the work hours and the wage they would earn.

6. Concluding remarks



THIRD PARTY ASSESSMENT

ÖZ-EGE TURKEY

Tavas and Muğla regions
AGRICULTURAL LABOR PRACTICES PROGRAM

Significant progress has been made towards the full implementation of Phase 2 of the ALP Program. At the time of the assessment, Öz-Ege had all ALP systems in place and it was a big achievement that they were already using a digital system to collect data in the field.

CU identified the following key areas for improvement:

First, while Öz-Ege's focus has been understandably on the chosen principles of child labor, safe work environment, and forced labor, CU identified additional risks regarding income and work hours.

Second, investigation is required to better understand the risks related to payments to workers, including crew leaders' practices, end of harvest payments, and advance payments during the winter.

Third, field technicians need to improve their knowledge of non-prioritized ALP Code Principles to ensure they can reliably monitor the full ALP Program.

Fourth, the monitoring forms in the ETS should be improved as the qualitative reporting was found to be insufficient. In order to be able to better analyze causal behaviors, the completeness and quality of data collected from farmers needs to be ensured.

Finally, record keeping must be improved at the farm level referencing both payments and work assignments. While CU found workers were paid above the legal minimum wage, records would ensure greater transparency.

Most important, Öz-Ege already initiated several successful initiatives to improve the working conditions on their contracted farms. By researching deeper and investing in promising new initiatives, Öz-Ege can expect continuous improvement in tobacco production that benefits from a complete implementation of the ALP Code Principles.

Appendices



THIRD PARTY ASSESSMENT

ÖZ-EGE TURKEY

Tavas and Muğla regions
AGRICULTURAL LABOR PRACTICES (ALP) PROGRAM

Appendix 1. Öz-Ege's response and ALP Program action plan

Öz-Ege appreciates CU's acknowledgement of the company's extensive efforts in implementing the ALP program. As stated by CU, Öz-Ege had "already initiated several successful initiatives to improve the working conditions on contracted farms". Nevertheless, CU's Assessment report also includes recommendations on how to further strengthen the implementation of the ALP Program and address the issues and risks identified in the tobacco growing regions of Tavas and Muğla. Öz-Ege welcomes CU's recommendations and remains committed improving working and living conditions of both tobacco farmers and workers.

Following CU's assessment and in line with CU's findings, Öz-Ege developed a comprehensive action plan to address the gaps in the implementation of the ALP Program, as well as to tackle the issues and mitigate risks identified at the farm level.

1. People and process to manage the ALP program

CU has made very positive comments on the current processes in place and the level of commitment of Öz-Ege's team involved with the ALP program, however it also noted the need to improve field technicians' (FT) understanding of some of the ALP Code principles, the accuracy of the information reported through the electronic data collection system (ETS), and the overall effectiveness of the reporting process for Prompt Actions.

1.1. People: prior to the 2015 crop season, Öz-Ege established a new structure to implement ALP program. Field technicians were assigned specific farmers and, as a result, farmers were visited and provided with support by the same field technicians throughout the year. Öz-Ege expects this change to facilitate the transfer of knowledge from the field technicians to farmers, improve monitoring and reporting, and help field technicians establishing and following-up on improvement plans with farmers.

1.2. Training: refresher trainings for FT were organized in July 2015, focusing particularly on the ALP Code Principles to which field technicians understanding were more limited (Income and Work Hours, Forced Labor, Freedom of Association, and Compliance with the Law). The training sessions included information on the daily legal minimum wage, subjects related to payment systems, use of crew leaders and advance payments.

1.3. Communication materials to FT: aiming at increasing FT's awareness of the ALP Strategy and the Code Principles, Öz-Ege developed and distributed a leaflet to all its FT during the last week of June, 2015. The ALP leaflet included additional examples of situations related to the ALP Code Principles. The examples included agricultural seasonal worker rights as per the Turkish Legal System, list of laws and regulations related to agricultural labor and content of law related to child labor.

A pocket “aide-mémoire” explaining hourly, daily and monthly minimum wage was also distributed to all FT in the second week of July, 2015.

2. Communicate the ALP Code requirements to all farmers.

As stated by CU, Öz-Ege developed several materials such as an ALP leaflet, a key chain, and hats with the ALP logo. However, further improvements to the communicational materials was recommended in order to include information and additional examples focusing on the ALP Code Principles farmers were less aware of (Income and work hours, Forced Labor, Compliance with the Law).

- 2.1. A leaflet with concrete examples was developed and distributed to farmers and workers in the last week of June, 2015. The ALP Leaflet included information on the legal minimum wage, payment frequency and relevant other regulations.
- 2.2. The leaflet was also distributed to FT as a training material, followed by group training on Income and work hours, forced labor, and compliance with the law. The training sessions took place in July 2015.

3. Building Farm Profiles for all contracted farms

CU also identified that that sometimes incorrect information was shown at Öz-Ege’s electronic data collection system (ETS), recommending a review and corrective action.

- 3.1. The electronic data collecting system (ETS) used by Öz-Ege was also improved at the beginning of the 2015 crop season 2015. The reporting errors previously identified were fixed and the new version of the electronic data collection system allowed to compile reports and produce statistical data for Öz-Ege’s analysis.

4. Prompt Actions

At the time of the CU Assessment, the ALP coordinator could only have access to aggregated data for the number of Prompt Actions within categories, without any qualitative information on the context of the identified issue. In order to improve the reporting procedure and Field Technicians’ capability to identify and record prompt actions, Öz-Ege:

- 4.1. Reviewed and updated the list of prompt actions in the electronic data collection system (ETS) in line with the guidance provided by PMI.
- 4.2. Trained FT on how to identify and report prompt action issues, including qualitative commentary.
- 4.3. Further developed the ETS in April, 2015, enabling the ALP coordinator, ALP supervisors and also FT to compile reports with qualitative information including the context of the issues identified.
- 4.4. Conducted refreshment trainings to FT in July 2015 focused on Forced Labor, Income and Work Hours and Compliance With the Law.

5. Monitoring of labor practices farm by farm

CU Assessment identified gaps in the farm-by-farm monitoring procedure, namely referring to situations not meeting the standard being recorded on

the monitoring form, while situations meeting the standard not being recorded during the field visits. In order to better understand how many farms actually meet the different ALP Code standards, information on monitored topic per farm is critical.

- 5.1. The ETS software system was improved for the situations meeting the standard during the field visits. A verification button (thick box) was added to the electronic form in February, 2015. This improvement allows Öz-Ege to extract a report with the percentage of farms meeting the standards.
- 5.2. The ETS was also updated and the new version included a multiple selection list so that the FT are able to record the stage of production in which the field visit takes place. This improvement to the ETS was completed at the end of June, 2015.
- 5.3. As of the 2015 crop season, FT will visit each farm at least three times per crop season. Based on its internal risk analysis and in line with CU findings, Öz-Ege will focus its efforts and monitor 100% of the farms on child labor and safe working conditions, 100% of farms that hire labor will be monitored on Income and Work Hours. Based on Öz-Ege analysis and due to the low risk identified, a random sample of 15% of the farms who hire labor will also be monitored on the remaining ALP Code Principles. FT will also compile prompt action issues list from ETS and determine a specific date to conduct a follow-up visit.

6. Child labor prevention

Although it is noted in CU's Assessment Report that Öz-Ege's communication efforts to farmers on Child Labor seemed to have been effective (e.g. the majority of farmers are aware of the minimum working age of 18 and the definition of hazardous activity according to the ALP Code), however workers' knowledge of child labor still needs improvement. Also, despite the awareness among farmers, all 15 years old children were still found to be involved in what is defined as a hazardous activity according to the ALP Code. Öz-Ege will increase its communication efforts and scale up the ongoing productivity initiatives, such as the new curing methods.

- 6.1. All farmers will be trained to transfer the knowledge regarding minimum working age and hazardous activities to the workers during farm visits throughout the 2015 crop season. Öz-Ege developed and distributed an ALP leaflet to farmers before they started to hire workers, coupled with training on how farmers should explain what constitutes hazardous activities and the minimum working age to workers.
- 6.2. In 2015, Öz-Ege increased the number of loose leaf curing machines in Aegean and South East. 30 new machines in Aegean, 145 new machines in Adiyaman will be distributed throughout. A Leaflet on how to cure tobacco using a vento machine has also been prepared by Öz-Ege's Agronomy Department, coupled with a training program for all farmers. In order to boost the effectiveness of the training, each session will be delivered to a group of five farmers. During the training sessions (6 sessions in Aegean, 15 sessions in Adiyaman), the leaflet illustrating how to use the machines was also distributed to all FT and farmers.

7. Income and work hours

Several risks related to working hours and payment practices were identified by CU, including lack of visibility into the use of crew leaders and their payment to workers, farmers and workers' awareness of legal minimum wage, pay, record keeping, pay slips, and work hours and overtime.

- 7.1. In 2015, Öz-Ege will conduct a research to determine the labor wages, and further assess crew leaders' practices, including payment practices and fees charged to workers. The research started in July and will be finished in December 2015. Öz-Ege selected the district of Tavas to conduct the research due to the high number of hired labor in the region. The FT responsible for the district will conduct the research.
- 7.2. In 2015, Öz-Ege piloted an initiative to improve farmers' record keeping of payment to workers and hours worked. The pilot project targeted contracted farmers in Tavas' region. Öz-Ege developed and distributed a form to all contracted farms in the target area by July 2015, coupled with a group training on how to record payments and work hours.
- 7.3. Training regarding income and working hours will be conducted for all farmers during field visits in order to encourage the transfer of their knowledge to the workers throughout the season. Öz-Ege will also encourage farmers to pay workers directly and FT gather information in order to verify whether workers are being paid directly by farmers. During the trainings, farmers will also be reminded that workers also have the option of registering themselves at the national the social security as defined by the Turkish code of Obligations Law.

8. Safe work environment

As acknowledged by CU, Öz-Ege's focus on CPA and PPE practices seemed to have a positive effect on the farmers' awareness of the importance of protecting themselves and use adequate preventive measures to avoid exposure to CPA. However, CU also identified room for improvement among farmers on these topics and workers' awareness was found to be much lower, indicating a relatively limited knowledge transfer between farmers and workers.

On the other hand, CU also found approximately one third of the farmers and two thirds of the workers not aware of GTS and its symptoms, as well as workers and farmers exposed GTS due to the use of "half gloves" (with fingertips not covered) during harvesting.

- 8.1. In the second week of June, 2015, Öz-Ege developed and distributed a brochure dedicated to GTS prevention to 100% farmers. This brochure was developed to support workers having a training material to improve workers' knowledge on GTS. Shortly after, farmers were trained (July 2015). The GTS brochure focused on illustrating how farmers and workers should prevent and protect themselves using appropriate PPE's such as gloves with fingertips cover, long sleeves shirts, long pants, as well as to be able to identify the symptoms of GTS.

- 8.2. In July, 2015, Öz-Ege distributed a key holder with emergency phone numbers to 10.985 contracted farmers (100%).
- 8.3. In July, 2015, additional 2.201 CPA lockers were distributed to the farms (one per farm), accounting for 34% of Öz-Ege's direct contracted farmers across all regions.
- 8.4. In addition to the provision of PPE Kits in 2014, Öz-Ege distributed 1.800 PPE set to contracted farmers. The provision of PPE was coupled with training on how to adequately use PPE. Training sessions took place in July, 2015.
- 8.5. Throughout the season, during the farmer visits, FT will verify whether sharp tools such as stringing needles safely are stored properly.
- 8.6. FT will reinforce the communication to farmers on the need to keep the CPA application records, comply with the re-entry times, as well as warn workers of the CPA application and re-entry period.
- 8.7. Öz-Ege distributed 3.225 first aid kits in Aegean, 2.217 in Adıyaman, and 617 in Basma. Distribution was completed at the end of April, 2015.

9. Forced Labor

- 9.1. CU found approximately 20% of the farmers relying on labor contractors (crew leaders) and having very limited visibility into their payment practices. Farmers with bigger operations typically hire workers through crew leaders, who agree with the workers on daily wages at the beginning season. According to Öz-Ege's internal monitoring data, all workers are receiving wages agreed with the crew leaders. T Öz-Ege will be monitor a random sample of 15% of the farms who hired labor on the ALP Code Principle of Forced Labor. Therefore in 2015, Oz-Ege is agreed with PMI to monitor 15% of farmers that hired labor.

Nevertheless, and in order to avoid blind spots and as mentioned (see section 7.), in 2015, Öz-Ege will conduct a research to gain a better understanding on current wages, and further assess crew leaders' practices, including payment practices and fees charged to workers. The research started in July and it is expected to be finished by December 2015.

10. Compliance with Law

Based on Öz-Ege analysis and due to the low risk identified, a random sample of 15% of the farms who hire labor will also be monitored on the ALP Code Measurable Standards related to Compliance with the Law. In addition, and as previously mentioned in this document (section 2.1), Öz-Ege distributed a leaflet with information and specific examples focused on relevant regulations and Laws related to ALP Code principles.

Appendix 2. ALP Code

ALP Code Principle 1: Child labor

There shall be no child labor.

Measurable Standards:

- 1) There is no employment or recruitment of child labor. The minimum age for admission to work is not less than the age for the completion of compulsory schooling and, in any case, is not less than 15 years or the minimum age provided by the country's laws, whichever affords greater protection.¹⁰
- 2) No person below 18 is involved in any type of hazardous work.
- 3) In the case of family farms, a child may only help on his or her family's farm provided that the work is light work and the child is between 13 and 15¹¹ years or above the minimum age for light work as defined by the country's laws, whichever affords greater protection.

ALP Code Principle 2: Income and work hours

Income earned during a pay period or growing season shall always be enough to meet workers' basic needs and shall be of a sufficient level to enable the generation of discretionary income. Workers shall not work excessive or illegal work hours.

Measurable Standards:

- 1) Wages of all workers (including for temporary, piece rate, seasonal, and migrant workers) meet, at a minimum, national legal standards or agricultural benchmark standards.
- 2) Wages of all workers are paid regularly, at a minimum, in accordance with the country's laws.
- 3) Work hours are in compliance with the country's laws. Excluding overtime, work hours do not exceed, on a regular basis, 48 hours per week.

¹⁰ As an exception, pursuant to ILO Convention 138, developing countries may under certain circumstances specify a minimum age of 14 years.

¹¹ The same ILO convention 138 allows developing countries to substitute "between the ages 12 and 14 in place of "between the ages 13 and 15".

- 4) Overtime work hours are voluntary.
- 5) Overtime wages are paid at a premium as required by the country's laws or by any applicable collective agreement.
- 6) All workers are provided with the benefits, holidays, and leave to which they are entitled by the country's laws.

ALP Code Principle 3: Fair treatment

Farmers shall ensure fair treatment of workers. There shall be no harassment, discrimination, physical or mental punishment, or any other forms of abuse.

Measurable Standards:

- 1) There is no physical abuse, threat of physical abuse, or physical contact with the intent to injure or intimidate.
- 2) There is no sexual abuse or harassment.
- 3) There is no verbal abuse or harassment.
- 4) There is no discrimination on the basis of race, color, caste, gender, religion, political affiliation, union membership, status as a worker representative, ethnicity, pregnancy, social origin, disability, sexual orientation, citizenship, or nationality.
- 5) Workers have access to a fair, transparent and anonymous grievance mechanism.

ALP Code Principle 4: Forced labor

All farm labor must be voluntary. There shall be no forced labor.

Measurable Standards:

- 1) Workers do not work under bond, debt or threat and must receive wages directly from the employer.

- 2) Workers are free to leave their employment at any time with reasonable notice.
- 3) Workers are not required to make financial deposits with employers.
- 4) Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions.
- 5) Farmers do not retain the original identity documents of any worker.
- 6) The farmer does not employ prison or compulsory labor.

ALP Code Principle 5: Safe work environment

Farmers shall provide a safe work environment to prevent accidents and injury and to minimize health risks. Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers.

Measurable Standards:

- 1) The farmer provides a safe and sanitary working environment, and takes all reasonable measures to prevent accidents, injury and exposure to health risks.
- 2) No worker is permitted to top or harvest tobacco, or to load barns unless they have been trained on avoidance of green tobacco sickness.
- 3) No worker is permitted to use, handle or apply crop protection agents (CPA) or other hazardous substances such as fertilizers, without having first received adequate training and without using the required personal protection equipment. Persons under the age of 18, pregnant women, and nursing mothers must not handle or apply CPA.
- 4) Workers do not enter a field where CPA have been applied unless and until it is safe to do so.
- 5) Workers have access to clean drinking and washing water close to where they work and live.

- 6) Accommodation, where provided, is clean, safe, meets the basic needs of workers, and conforms to the country's laws.

ALP Code Principle 6: Freedom of association

Farmers shall recognize and respect workers' rights to freedom of association and to bargain collectively.

Measurable Standards:

- 1) The farmer does not interfere with workers' right to freedom of association.
- 2) Workers are free to join or form organizations and unions of their own choosing and to bargain collectively.
- 3) Worker representatives are not discriminated against and have access to carry out their representative functions in the workplace.

ALP Code Principle 7: Compliance with the law

Farmers shall comply with all laws of their country relating to employment.

Measurable Standards:

- 1) All workers are informed of their legal rights and the conditions of their employment when they start to work.
- 2) Farmers and workers have entered into written employment contracts when required by a country's laws and workers receive a copy of the contract.
- 3) Terms and conditions of employment contracts do not contravene the country's laws.