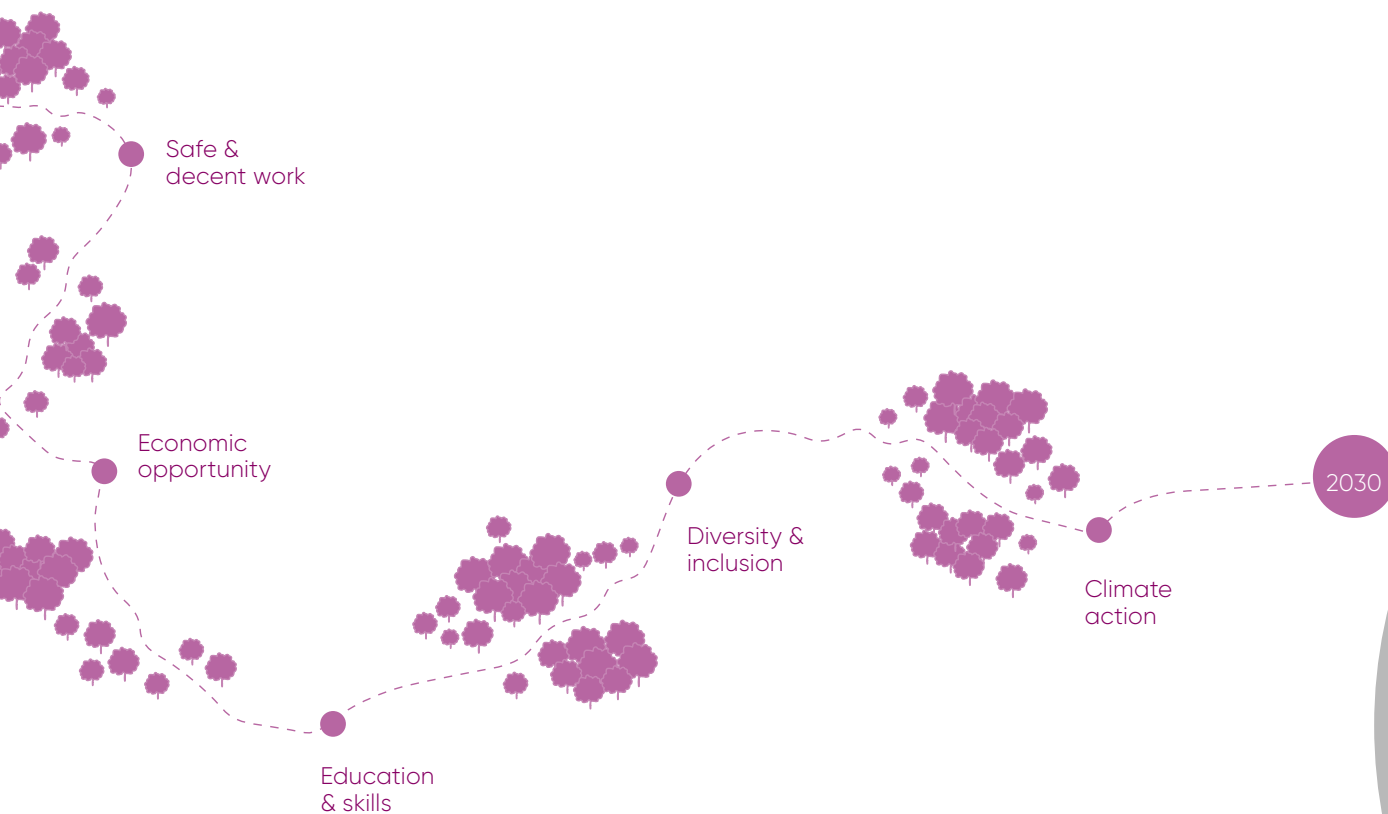


Hazelnut Trail



Creating a collaborative trail to sustainable hazelnuts



Being the change for naturally good hazelnuts. For people and planet.

Prized for the natural and nutritional goodness that consumers crave, hazelnuts are enjoyed in a huge variety of popular foods and beverages – from traditional trail mixes and indulgent gianduja spreads to plant-based milks and praline. The opportunities for us to co-create with confectioners, bakers and baristas to delight consumers are endless.

But satisfying the appetite for new flavors and functionality in our kitchens is only part of this delight. Consumers are also excited by the idea of foods with strong provenance and more sustainability impact. **ofi**'s deep-rooted presence in origin means we can also influence how these products are made. Supplying hazelnut ingredients that not only deliver the desired sensory and nutritional benefits, but also solve challenges and add value for the farmers and communities they come from.

Creating real impact from plant to palate.

Ever since **ofi** started sourcing and processing operations in Turkey nearly a decade ago, it's been clear that unsafe working conditions and child labor are among the most pressing issues facing the sector. From early on, we formed partnerships to introduce pioneering solutions like labor contracts for farm workers – a first for both the hazelnut and the entire Turkish agricultural sectors.¹ These contracts set a minimum wage guarantee, legal working hours, health and safety parameters, safe transportation, proper meals, and decent housing conditions.

Our closeness to hazelnut farmers and their communities is key to creating products that are healthy, natural, sustainable, and traceable. That's why we're constantly innovating to deepen our physical and digital presence on the ground to gather better data, improve traceability, and plan social and environmental initiatives.

“

Our new strategy aims to address some of the most pressing issues in the hazelnut supply chain, including child labor. We want to build on the impact we've already made through collaborative partnerships and be the change for a more sustainable supply chain.

Ashok Krishen,
CEO of **ofi**'s nuts platform

”

Over 9,000 hazelnut farmers are registered on the Olam Farmer Information System (OFIS), which uses GPS and detailed surveys to give them a new level of insight into how to increase yields and quality. It also includes important information about the workforce and communities. For instance, we can see if there's no school in an area and therefore there might be a risk of child labor, which we can respond to by opening a safe space for the children. This specific data and corresponding action plans are captured through the built in Child Labor Monitoring & Remediation System app on OFIS.



1. https://www.fairlabor.org/sites/default/files/documents/reports/social_impact_assessment_final.pdf

Being the change for naturally good hazelnuts. For people and planet.

Bringing fresh ideas to deliver more – for consumers, farmers and the planet

Since 2013 we've had extensive sustainability programs happening on the ground in Turkey, supporting over 20,000 hazelnut farmers to date and auditing a sample of our farms each year through our partnership with the Fair Labor Association (FLA).² From these learnings we've launched Hazelnut Trail as a new strategy to support **ofi's** ambition of finding more creative, productive and sustainable ways of supplying ingredients.

This starts by building on the human rights progress we've made over the last decade with our partners, with a commitment to eliminate unsafe working conditions and risks of child labor in our supply chains by 2030.

By setting targets, defining metrics, and reporting on progress through the sustainability insights platform AtSource, we're offering customers transparency across the supply chain. This means they get assurance that their hazelnut products not only taste great, but at the same time, are supporting rural communities and carry a low carbon footprint.

Collaborating to scale sustainability impact

The positive impact we've made in hazelnut communities over the last ten years is thanks to the joint efforts of customers, NGOs, and national and local authorities, through public-private partnerships.

No company can deliver this alone at the speed and scale that's really required. We hope that by offering more insight into what the challenges and real change look like, we'll inspire new collaborations to unleash more. More value, more transparency, more sustainability impact.

². <https://www.fairlabor.org/affiliate/olam>



ofi has proven to be a reliable partner in collaborations over the past decade, supporting efforts to increase understanding of working conditions on hazelnut farms in Turkey. The company's commitment to change is clear. ofi's education, engagement, training, and community investment have resulted in measurable improvements that reduced child labor and improved worker recruitment and employment practices.



**FAIR LABOR
ASSOCIATION**



Our sustainability journey



2013

First farmer group formed in Turkey to provide traceability to farm-level.
First summer school set up for children of migrant workers to help prevent child labor during the harvest period.



2018

First business to introduce labor contracts in the sector across 700,000 hectares of growing regions in Turkey³



2019

Arabic, Georgian and Kurdish languages added to grievance line in addition to Turkish for workers to report unsafe practices



Today, 20 farmer groups verified on

AtSource *

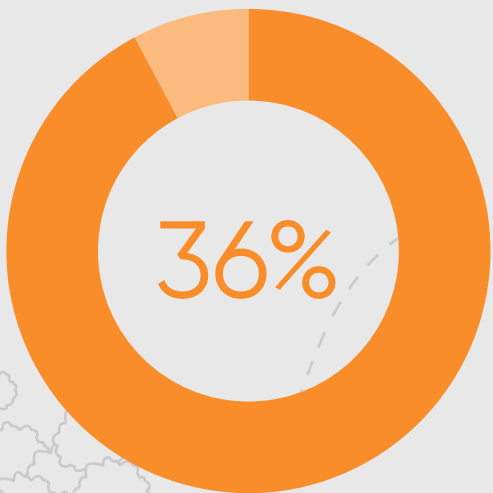
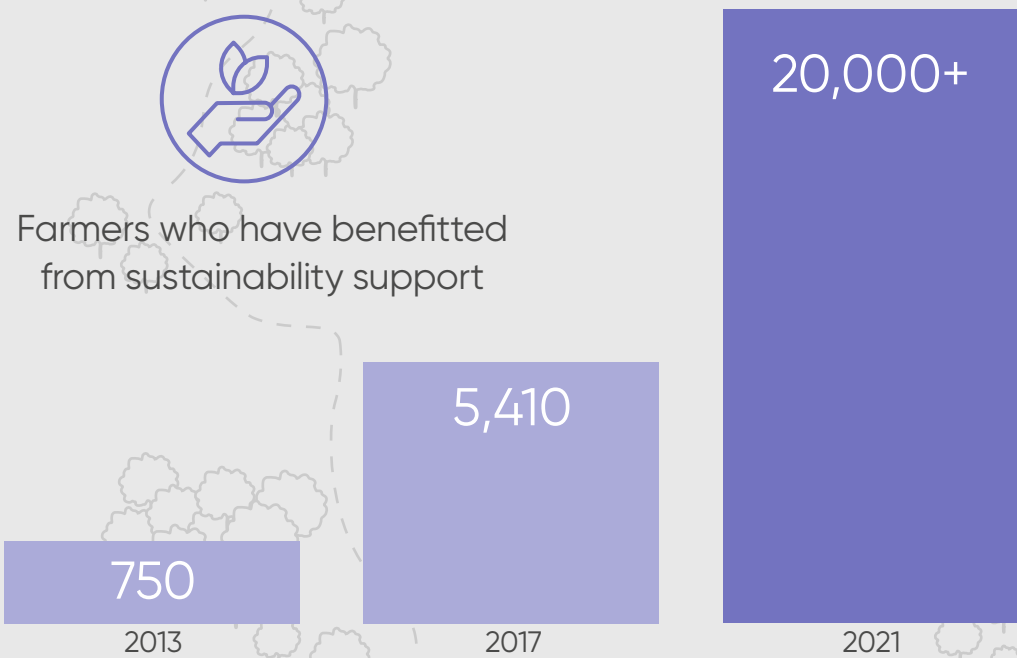
*AtSource, the award-winning sustainability insights platform.
See page 12 for more information.



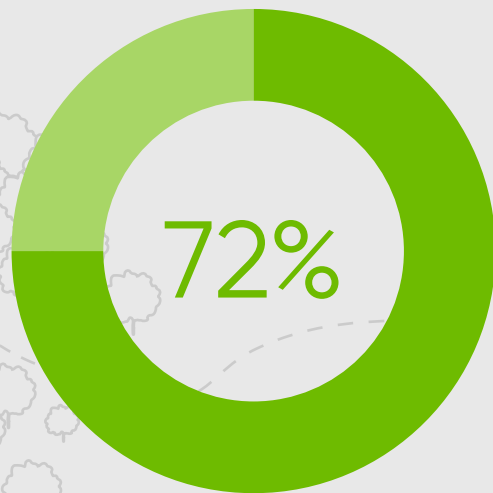
To date, we've implemented 14 social and environmental sustainability projects with 11 partners



Farmers who have benefitted from sustainability support



total volumes in our supply chain (direct and indirect) traceable to farm level



of total workforce in our processing facility and two cracking facilities are women

Awards

2017

Energy Efficiency Award from Republic of Turkey Ministry of Industry

2018

EBRD European Bank for Reconstruction and Development – Environmental and Social Best Practices Silver Award

2018

Global Nestlé Award – Most Sustainable Supplier Award



³. https://www.fairlabor.org/sites/default/files/documents/reports/social_impact_assessment_final.pdf

Towards the future

By 2030



Safe & decent work

100%

child labor monitoring and remediation in managed programs

Zero

grievances logged by workers against farmers in managed programs

Zero

instances of non-compliance with Olam Supplier Code in audited programs



Education and skills

100%

Invest in extra-curricular activities for all children in **ofi** hazelnut sourcing communities to improve their physical and mental wellbeing

20

Provide science equipment and teacher training for 20 schools, to benefit 8,000 children

10,000

Distribute school stationery kits to 10,000 children to enrich education



Diversity and inclusion

100%

of farmers educated on gender equality, labor rights and children's rights

100%

of women farmers trained on Good Agricultural Practices (GAP) and Good Social Practices (GSP)

100%

of all women seasonal migrant workers trained on health, nutrition, and labor rights



Economic opportunity

50,000

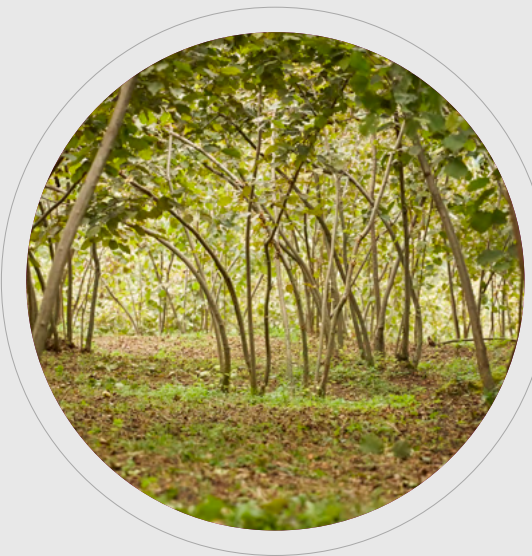
farmers trained on Good Agricultural Practices (GAP)

30%

average yield increase for farmers (baseline: 2020 crop)

80%

of all hazelnut volumes are traceable



Climate action

10,000

Conduct soil analysis for 10,000 farmers to optimize fertilizer use

6,000

farmers in 401 villages are engaged on nature based climate solutions

100%

of farmers trained on crop residue management and composting practices

Safeguarding human rights in the hazelnut workforce

We have zero tolerance for illegal and unacceptable practices such as forced and child labor in our operations and our supply chains. This is embedded in our Fair Employment Policy and Supplier Code.

Hazelnut production in Turkey is still mostly manual and highly dependent on seasonal workers who migrate from the poorest parts of the country. They often live in temporary accommodation, earn low wages and work long hours, without overtime pay. A lack of childcare facilities also makes child-labor an ever-present risk on the farms.

We engage with suppliers, customers, civil society, governments, and communities to identify, eliminate and prevent abuses across our value chains. Most recently with FLA's Harvesting the Future Project, which maps the profiles and movement of farm workers as they travel the country from one crop to another, allowing us to conduct risk and needs assessments.

2030 Targets

100%

child labor monitoring and remediation in managed programs

Zero

grievances logged by workers against farmers in managed programs

Zero

instances of non-compliance with Olam Supplier Code in audited programs

Vision

Child labor risks are eliminated from the supply chain. Our farmers have the skills and knowledge to guarantee a safe working environment for workers and their families.



Partner with us

- ✓ Train farmers on Good Social Practices (GSP) farmers
- ✓ Open more summer schools for children of migrant workers
- ✓ Support mapping of labor contractors and seasonal migrant workers across the supply chain

SDGs



Our impact

1,926

labor contracts issued and signed to protect rights of seasonal workers (2020)

21

summer schools opened hosting 1,176 children

201

labor contractors registered into the Turkish employment system, paving the way for regulated employment in the sector



Child labor in Turkey – understanding the scale



1

Defining child labor

The term “child labor” is defined by the International Labor Organization as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.* Earning ‘pocket money’ or assisting a family business can be beneficial to children’s development – as long as it doesn’t inhibit their schooling or wellbeing.

However, if they do, either by depriving them of education altogether or in-part, or are or having adverse effects on their health, then those duties are illegal and classed as child labor.

*<https://www.ilo.org/ipecc/facts/lang--en/index.htm>



2

Child labor in Turkey

Under Turkish law, all seasonal agricultural work is classed as too hazardous for anyone under the age of 18 years.

Despite this, the Turkish Statistical Institute estimates at least 200,000 farm workers are children who follow parents onto hazelnut, apricot, cumin, grape, sugar beet, potato and pistachio farms across the region.

These children can face exhausting and dangerous work, such as carrying heavy loads up and down steep hillsides in hot weather.



3

Tackling child labor practices

Since 2015, **ofi** has partnered with the International Labor Organisation (ILO) to establish summer schools as safe spaces for the children of migrant workers to play, learn and not work. FLA Social Impact Assessments in 2018 credited the summer schools with a decline in child labor, recording a five-year low of 6% of children working in the hazelnut orchards, in comparison to 22% in a control group. **ofi**’s Child Labor Monitoring and Remediation System and unannounced farm inspections ensures any cases of child labor are quickly identified and addressed.

“

As Save the Children celebrates 2021 as the International Year for the Elimination of Child Labor, we welcome the publication of a clear roadmap and commitments by **ofi** to address child labor in a variety of ways. This includes working with the relevant stakeholders to establish monitoring and remediation systems. Reducing the demand for child labor by creating decent working opportunities for their parents. Improving access to vocational training for adolescents and youth. And ensuring access to education and child protection services. We look forward to continuing to work with **ofi** to achieve these timely objectives and eliminate child labor in the sector, ensuring children and their families have a brighter future. ”

Sasha Ekanayake, Country Director Turkey, Save the Children



Save the Children

Investing in education for future generations

Formal education is an important contributor to socio-economic development and prevention of poor labor practices. But access and infrastructure is often limited in rural communities. There are multiple ways we can make a real difference, from equipping schools with computer labs, science equipment and libraries, to funding higher education for students that can't afford it. Through our continued support for the Science Movement program, we can break barriers and instill a greater sense of self-confidence in the next generation in Turkey.

2030 Targets

100%

Invest in extra-curricular activities for all children in **ofi** hazelnut sourcing communities to improve their physical and mental wellbeing

20

Provide science equipment and teacher training for 20 schools, to benefit 8,000 children

10,000

Distribute school stationery kits to 10,000 children to enrich education

Vision

Barriers to quality education and vocational training for children in farming communities are removed so they can build brighter futures for themselves.



Partner with us

- ✓ Refurbish and equip schools with computer labs and libraries
- ✓ Provide scholarships to more students
- ✓ Sponsor a science program for a school

SDGs



Our impact

1,559

16 schools equipped with stationery kits, libraries and computer equipment, benefiting 1,559 children

100%

ofi employees in processing facilities trained on business skills

1,183

Scholarships awarded to 1,183 students to fund higher education



Building a diverse and inclusive supply chain

A lack of occupational training often means the large women workforce on Turkey's hazelnut farms work long hours, without adequate compensation or living conditions. Achieving gender equality therefore starts with the basics – giving women the knowledge and confidence to assert their rights, so they can report unsafe working practices and demand access to safe water and hygiene facilities. Secondly, we need to ensure that their employers – the farmers – are informed on good labor practices and provide the appropriate conditions.

SDGs



2030 Targets

100%

of farmers educated on gender equality, labor rights and children's rights

100%

of women trained on Good Agricultural Practices (GAP) and Good Social Practices (GSP)

100%

of all women seasonal migrant workers trained on health, nutrition, and labor rights

Vision

Women in the hazelnut supply chain are empowered to assert their rights, to be considered as equals and treated fairly and with respect.



Partner with us

- ✓ Provide training to women seasonal migrant workers on labor rights and working conditions (under ofi's Women on the Roads program)
- ✓ Deliver gender equality training to farmers
- ✓ Sponsor house visits in the origin cities for women migrant workers (visits provide health-screenings and risk assessments with relevant support, hygiene packages, training on first aid and labor rights.)

Our impact

43%

women farmers in **ofi** supply chains trained on GAP and GSP (2020)

100%

women farmers and workers in **ofi** sustainability programs received health check-ups

5,188

women workers trained on fundamental human rights and working conditions



Investing in hazelnut farmers today for a more prosperous future

Sustainable supply depends on farmers being financially secure. But working part-time using traditional methods on small 1-1.25 hectare plots of land with ageing trees, makes it difficult to achieve high yields and quality, which are also under threat from increasingly volatile climate conditions. Farmers need help accessing the right knowledge and tools through 1-on-1 agronomy advice on soil nutrition, waste management, harvesting and drying methods. They also need to be convinced of the merits of mechanization and digital tools that could boost their productivity and livelihoods. In turn, this will support better conditions for their workers.

SDGs



2030 Targets

50,000

farmers trained on Good Agricultural Practices (GAP)

30%

average yield increase for farmers (baseline: 2020 crop)

80%

of all hazelnut volumes are traceable

Vision

Farmers are able to increase their crop yield, quality and value by implementing sustainable, cost-effective farming practices.



Partner with us

- ✓ Provide GAP training for farmers
- ✓ Support farmers through premiums
- ✓ Sponsor a demo farm for implementing GAP

Our impact

21,112

farmers trained on Good Agricultural Practices

3,911

farmers received one-to-one consultancy from **ofi** agronomists (2020)

12%

average yield increase for farmers (2017-2021)



Equipping farmers to improve their carbon footprint

Unpredictable periods of heavy and low rainfall have led to both droughts and landslides, owing in part to the steep topography of growing regions. This affects yields and quality. The footprinting data on AtSource shows us that the vast majority of carbon emissions from hazelnut production is generated at farm-level through fertilizer use. So, this is an important focus area for interventions that deliver reduction and removal.

SDGs



2030 Targets

10,000

Conduct soil analysis for 10,000 farmers to optimize fertilizer use

6,000

farmers in 401 villages are engaged on nature based climate solutions

100%

of farmers trained on crop residue management and composting practices

Vision

The carbon footprint of hazelnuts is reduced by climate smart agricultural practices and restoring nature in hazelnut landscapes.



Partner with us

- ✓ Train farmers on agroforestry and climate-smart agricultural practices
- ✓ Join landscape initiatives to improve biodiversity in and around hazelnut communities
- ✓ Promote farmers' use of digital tools for soil analysis and weather forecasting on farms

Our impact

697

Soil analysis performed on 697 hazelnut farms to inform and incentivize correct fertilizer use

76

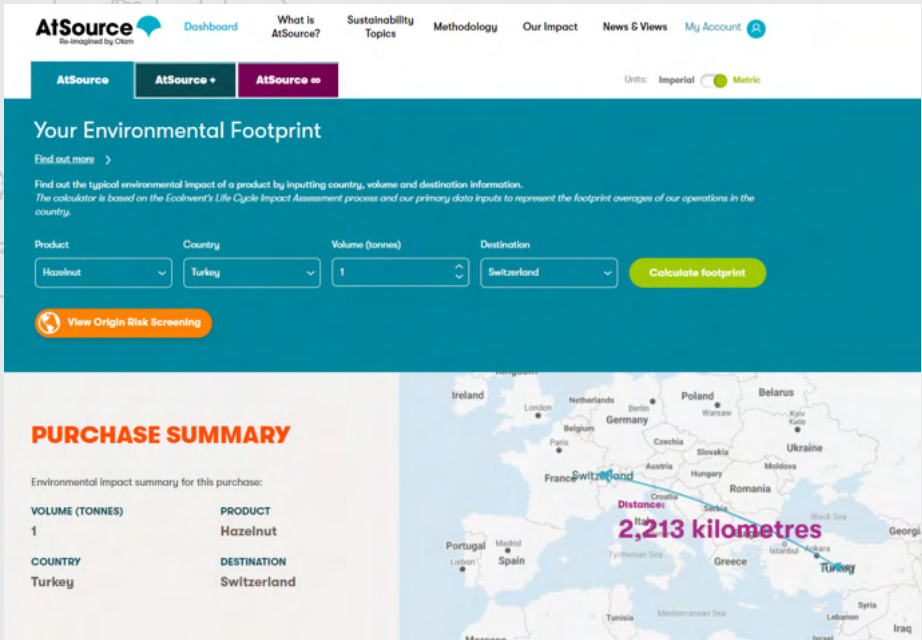
76 chemical waste containers supplied to 69 villages, ensuring the safe disposal of pesticide packaging and preventing 1,460kg of chemical waste entering the environment

1,178

farms GPS mapped to identify farm locations in relation to forest and biodiversity hotspots as potential high-risk areas

Tracking and driving positive impact through AtSource

We will need an unprecedented level of data to monitor our supply chain, tailor our interventions, and measure our progress. We will manage this through AtSource, the award-winning sustainability insights platform. By tracking 100+ economic, social and environmental metrics from the farms right through logistics and processing, AtSource gives us and our customers the information we need to do more for the people and landscapes our hazelnuts come from.



How it works

Covering value chains end-to-end from the farm through logistics, processing, right to our customers' factory gate

- Three ascending tiers feature increasingly granular data and insights
- Each tier builds on and carries forward the benefits from previous tiers
- Developed to meet multiple needs, from environmental reporting and risk mitigation to transformational change
- Provides valuable content to inform and steer every customer's sustainability journey, from new entrants to mature leaders
- **ofi** customers can select a tier based on their sustainability ambitions

AtSource

INFORMATION | TRANSPARENCY | IMPACT

AtSource

Providing Information & Assurance

- Supply chain reassurance via Olam Supplier Code (OSC)
- Country level footprinting and third-party risk scores

AtSource +

Driving Measurable Impact

- Origin traceability to farmer group
- Information across nine sustainability topics covering over 100+ metrics
- Granular metrics and footprinting specific to the customer's supply chain
- 3rd party verification and robust sustainability system
- Ongoing insights support more effective and efficient interventions via continuous improvement plans
- Impact narratives bring metrics to life on the digital dashboard

AtSource ∞

Regenerating Agriculture and Landscapes

- Transformational impact to address social, economic and environmental challenges at scale, through landscape level interventions
- Based on achieving all principles listed in Olam's Living Landscape Policy
- Delivery is scaled at community and landscape level
- Achieved in partnership with communities, customers and other stakeholders

Be the change with us

We are looking for partners to help scale our efforts and positive impact so we can achieve our vision of a fair and resilient hazelnut supply chain.

We can support you in developing a marketing campaign based on the supported initiatives, supplying you with data **ofi** collects through its strong presence on the ground, from trained agronomists to social workers. This enables you to demonstrate the impact of our shared activities including verified data and testimonials from the field. We also welcome discussion and development of new initiatives.

Three ways to engage

1

By directly contributing to existing or new initiatives, based on premiums or a one-off payment.

2

As a strategic or implementation partner, to help with volunteering personal time, technical expertise or resources for new and exciting initiatives on the ground.

3

Through AtSource programmes which provide customers with engagement options tailored to individual sustainability ambitions.



ofi

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Be the Change
for **Good Food** and
a **Healthy Future**



ofi
make it real