

# SUSTAINABILITY BRIEF

Update from the field

May 2018

## Case Study: Collective Action with CNV & Hukatan-KSBSI Makes Positive Impact in Labour Improvements

In June 2017, Dutch-based union federation, the National Federation of Christian Trade Unions in the Netherlands (CNV) in collaboration with Dutch not-for-profit Centre for Research on Multinational Corporations (SOMO), released a labour case study on two RSPO-certified companies with estates in Riau, Sumatra. Wilmar's PT Murini Sam Sam (PT MSS) was one of the estates in the study. The study discussed issues of wages and temporary contracts, informal family work, working conditions, gender and freedom of association. In particular, it highlights the absence of a formal union in PT MSS even though the company at one time had a chapter of the union Hukatan-KSBSI (an Indonesian union affiliated to CNV).

Within weeks, we met with CNV and SOMO in Utrecht to discuss the issues raised and to provide an understanding of Wilmar's labour initiatives on the ground. It was a constructive meeting that concluded on a mutual agreement that all parties have to work together to take collective action to improve labour conditions in PT MSS.

### A new union chapter in PT MSS

Through our Indonesian Human Resource Department (HRD), we initiated contact with Hukatan-KSBSI and direct engagement between leaders of both parties took place. Shortly after, a new chapter of the union was set-up in PT MSS as the union was re-introduced to workers. Both Wilmar HRD and the union provided support and training for newly elected worker union representatives on industrial relations. All of these took place in the second half of 2017.

Following an engagement model that was established earlier in 2016 with another union in North Sumatra, Serbundo, Wilmar and the unions now enjoy an open and trusting relationship, with union leadership having direct access and contact with Wilmar HR management. This has facilitated engagement with workers and means that the union leadership has clear access to their members and worker representatives, with the full consent of Wilmar management.



Figure 1: HUKATAN-KSBSI meeting with workers at PKB PS-PT Murini Sam Sam (PT MSS)

## Renegotiating Collective Labour Agreements

In addition, we also worked with Hukatan-KSBSI in the renegotiation of the Collective Labour Agreements (PKB, *Perjanjian Kerja Bersama* in Indonesian), which are negotiated worker agreements between the company, the union, and the workers, in a few of our estate companies. The union assisted our workers in the negotiation process which was simplified by using a PKB template developed by CNV<sup>1</sup> for organisations with multiple sites in Indonesia. The PKB template was designed with the understanding that there was a lot of variation between agreements and in some cases key matters such as safety, working hours and compliance with regionally set minimum wage were potentially being missed out.

Having a clear format in place also helped speed up the negotiation process which can often be protracted, especially in the oil palm plantation set-up where a single plantation company may have three to five different estates under it, all of which require a separate PKB.

Since the collective action with Hukatan-KSBSI, we have successfully put in place a multi-site PKB in one of our operations in West Kalimantan (PT Bumi Pratama Khatulistiwa) as of November 2017. Negotiations are currently ongoing in PT MSS and we are confident that a new PKB will be in place soon. We hope to be able to introduce the new PKB format in other operations throughout Indonesia, although this will take time as the PKB is valid for two years upon negotiation and approval by the regional representative of the Indonesian Manpower Ministry (*Disnaker Kabupaten*).



*Figure 2: Signing of the renegotiated PKB of PT BPK West Kalimantan between HUKATAN -KSBSI Board of Commissioner and PT BPK management (Far right in green: Bapak Mathias Mehan from Hukatan and Far left in white: Bapak Feberianta Ginting, from Wilmar Indonesia HRD Head Office)*

## Spreading the word to our supplier network

We are keen to share our positive experience working with Hukatan-KSBSI and CNV with our third-party suppliers in Indonesia. We have actively included leaders of unions including Hukatan-KSBSI, as speakers in our series of [capacity building sessions](#)<sup>2</sup> focusing on labour and human rights concerns in Indonesia. Facilitated by the global non-profit, Business for Social Responsibility (BSR) and supported by consumer goods companies, these sessions gathered perspectives from NGOs, consumer goods companies, Labour Ministry officers and the unions, which were extremely valuable to our suppliers,

<sup>1</sup> <https://www.cnvinternationaal.nl/en/it-works/creating-multicompany-CLAs-in-indonesia>

<sup>2</sup> <http://www.wilmar-international.com/sustainability/wp-content/uploads/2017/11/News-Release-15-Nov-17-Collective-Action-to-improve-Labour-Conditions.pdf>

many of which are smaller companies with little direct exposure to international sustainability concerns. This series of workshops was attended by 112 participants from 74 suppliers companies. Hukatan-KSBSI presented in two of these workshops, in Pekanbaru (January 2018), and Jakarta (May 2018).



*Figure 3: Meeting on the establishment of Labour Organisation and the Management Board of PKB PS-PT MSS*

## **Staying the course**

While we have improved the labour and human rights standard in PT MSS as well as in other operations in Indonesia, we recognise that our work is not yet done. We continue to engage with unions and their federations, such as with Hukatan-KSBSI and CNV, to ensure that we stay on track to progress and improve. Earlier in 2018, we opened our doors to CNV to film at PT MSS and speak to our workers on camera. The video produced wholly by CNV is available in [English](#)<sup>1</sup> and [Bahasa Indonesia](#)<sup>2</sup>.

We hope that the video is a testament to the positive outcomes that a win-win partnership can bring. Our next step is to build on the momentum in encouraging constructive conversations and collective action between unions and our suppliers.

<sup>1</sup> <https://www.youtube.com/watch?v=1Bo4n9IHSMA&t=2s>

<sup>2</sup> [https://www.youtube.com/watch?v=PI-4\\_1N05uo&t=14s](https://www.youtube.com/watch?v=PI-4_1N05uo&t=14s)