## Improving Working Conditions and Worker Welfare in Palm Oil Plantations Understanding root causes and identifying collaborative action





The Business of a Better World



# **About BSR**



## **Global Nonprofit Business Network**

We are a global nonprofit organization that works with our network of more than 250 member companies and other partners to build a just and sustainable world. From our offices in Asia, Europe, and North America, we develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration.





## Why BSR

### **Mission-Driven**

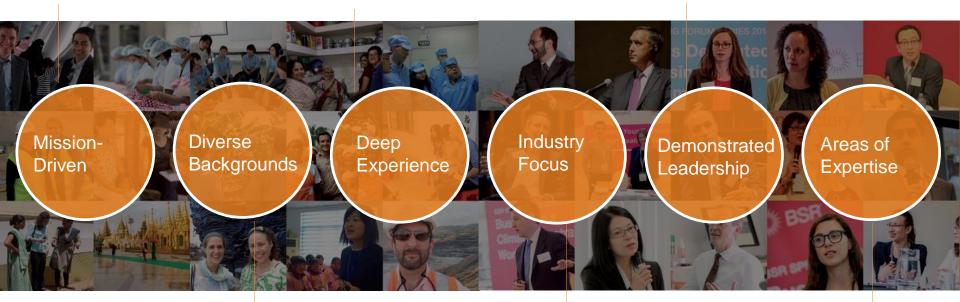
Our mission-based approach and nonprofit status guide our consulting services to focus on innovation, impact, and long-term, positive change.

### **Deep Experience**

We are experienced and equally comfortable working across the full range of company operations, and we are uniquely placed to connect points across the value chain.

### **Demonstrated Leadership**

We've shaped the field of corporate responsibility since 1992. Our 25 years of experience dedicated to sustainability brings unparalleled expertise and insight.



### **Diverse Backgrounds**

Our unique mix of staff—hailing from around the globe, with backgrounds in business, civil society, consulting, investment, government, law, and policy bring innovative and diverse thinking to global sustainability challenges.

### **Industry Focus**

Our consulting teams are organized by industry, creating expert teams that are familiar with industry-specific issues and trends.

### **Areas of Expertise**

Our teams focus on six core areas for our consulting, collaborative, grant-funded, and research projects: Climate Change, Human Rights, Inclusive Economy, Supply Chain Sustainability, Sustainability Management, and Women's Empowerment 4



## **Areas of Expertise**

Our teams focus on **six core areas** for our consulting, collaborative, grant-funded, and research projects.

### **IMPACTS**

What we want to see achieved in the world



### **Climate Change**

We help companies to reduce greenhouse gas emissions and build resilience to climate impacts throughout business operations and value chains.



### Human Rights

We draw on a global network of partners from business and civil society to tackle human rights challenges and ensure that companies in all sectors meet and exceed global human rights standards.



### Inclusive Economy

We work with companies and partners to build an economy in which all individuals and communities participate in, benefit from, and contribute to global and local economies.



### Women's Empowerment

We work with business to empower women, delivering value for companies across their operations and supply chains through collaboration, research and knowledge-building, and design and implementation of gender-sensitive strategies and solutions.

### **OUTCOMES**

**How** companies and organizations achieve these impacts



### Supply Chain Sustainability

We work with supply chain, sourcing, and procurement functions to develop more sustainable value chains that are inclusive, resilient, and transparent, creating long-term benefit for all involved stakeholders.



### Sustainability Management

We help companies structure a sustainability management approach that mitigates risk and captures emerging opportunities, creating mutual benefit for both business and society.



## **Sample Member Companies**

BSR has a global network of more than 250 member companies from a range of industries and regions.

The full BSR membership list is at <u>www.bsr.org/members</u>. Please visit our website to learn more about <u>membership benefits</u>.





## Context

## Wilmar Supplier Workshops in Indonesia





## **Project Context**

Deepening Understanding and Ownership of Labor Issues at the Producer Level

### Human Rights and working conditions in plantations are as important as environmental issues.

- Several leading initiatives, such as RSPO, have been working to address key environmental issues associated with palm oil. These initiatives have not historically focused on human rights in the supply chain; however, human rights risks and opportunities are becoming increasingly integrated into their work.
- Compliance audits don't identify the root causes of these issues, and the resulting violations continue to perpetuate. As the root causes sit at the interaction between employers, employees, community/culture, laws and government, and resources and infrastructure a deeper understanding of the issues and opportunities is necessary to drive change and real impact.

Palm oil producers must take increasingly better ownership of these issues.

- In February 2017 BSR worked with a major palm oil buyer to successfully convene a forum with Wilmar and other leading palm oil producers focusing on key labor issues and root causes in Indonesia. The forum enabled discussion & shared understanding of some of the industry's most salient labor issues:
  - Minimum and living wages & worker contract status
  - Grievance mechanisms, worker unions & bipartite organizations



## **Workshop Approach**

BSR subsequently worked with Wilmar and several key buyers such as Colgate-Palmolive, Kellogg's, Nestle, and Unilever to discuss these issues, and gather input from Wilmar's suppliers through a series of supplier workshops held in Indonesia.

### **Issue Context**

 Global resonance and local reality: laws, context, industry practices

### Producer Sharing

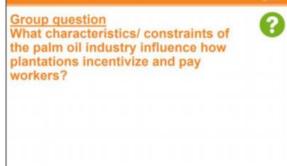
 Sharing based on selfassessment information\*

### Dialogue & Best Practice

 Facilitated discussion among participants









## **Workshop overview**

- Approximately 170 persons from Wilmar supplier companies participated in the workshops held in Medan, Pekanbaru and Jakarta from November 2017 to May 2018.
- In addition to BSR, speakers included representatives from government, unions, civil society, business organizations, buyers and plantations.





## Medan Workshop Agenda

Time	Activity	Lead
08:30-09:00	Participant Registration	Wilmar
09:00-09:10	Welcome & Opening Remarks	Wilmar
09:10-09:30	Wilmar's Sustainability Policy Implementation	Loo Siew Wai, Wilmar International
09:30-10:30	<ul> <li><u>Government Expectations</u></li> <li>Overview of labour condition and labour law implementation in North Sumatra</li> </ul>	Fransesko Bangun, Kepala Dinas Tenaga Kerja Propinsi Sumatera Utara
10:30-10: 40	Coffee/tea break	
10:40- 11:30	<ul> <li>NGO/Union:Serbundo Programmes &amp; Expectations:</li> <li>Overview of common/ priority labour issues in North Sumatra</li> <li>Overview of programs/ case studies</li> </ul>	Herwin Nasution, Ketua Umum Serbundo
11:30-12:00	Supplier : Support for transformation (SFT) from TFT and Wilmar in ABM	Syahril Pane, Head of Agronomy PT Abdi Budi Mulia (ABM)
12:00-13:00	Lunch	
13:00-13:40	Brand – Sustainability Policy & Expectations towards Suppliers	Rauf Prasodjo, Sustainable Sourcing Manager, Unilever
13:40-15:00	<ul> <li>Issue 1: Wages</li> <li>Wage issues – Minimum wage, time vs output based wage system</li> </ul>	Rosa Kusbiantoro, BSR
15:00 -15:15	Coffee &Tea break	
15:15-16:00	<ul> <li>Issue 2: Employment Status</li> <li>Employment status – Contract and permanent worker issues across the industry</li> <li>Q&amp;A</li> </ul>	Rosa Kusbiantoro, BSR
16:00-16:40	<ul><li>Issue 3: Grievance mechanisms</li><li>Robust grievance mechanisms for workers</li></ul>	Jaewon Kim, BSR
16:40-16:50	Q&A and feedback	BSR
16:50-17:00	Closing Remarks	Wilmar



## Pekanbaru Workshop Agenda

Time	Activity	Lead
08:30-09:00	Participant Registration	Wilmar
09:00-09:10	Welcome & Opening Remarks	Wilmar
09:10-09:30	Wilmar's Sustainability Policy Implementation	Ms. Loo Siew Wai Wilmar
09:30-10:00	<ul> <li><u>Government Expectations</u></li> <li>Overview of labour condition and labour law implementation</li> </ul>	Mr. Rasidin Siregar Head of Labour Departmenr (Disnaker), Riau Province
10:00-10:15	Coffee/ tea break	
10:15-11:00	Industry Association: GAPKI Programs & Expectations	Mr. Sumarjono Saragih Head of Labour Field
11:00-12:00	<ul> <li><u>Union</u>: HUKATAN – KSBSI</li> <li>Overview of common/ priority labour issues in North Sumatra</li> <li>Overview of programs/ case studies</li> </ul>	Mr. Mathias Mehan Chairman (Ketua Umum)
12:00-12:20	<ul> <li>Brand: Neste</li> <li>Sustainability Policy &amp; Expectations towards Suppliers</li> </ul>	Mr. Adrian Suharto Neste
12:20-12:45	Q&A	Wilmar
12:45-13:30	Lunch	
13:30-15:30	<ul> <li>Wages</li> <li>Minimum wage &amp; Living wage, Invisible labour</li> <li>Employment status – Permanent &amp; temporary workers</li> </ul>	Ms. Rosa Kusbiantoro BSR
15:30-15:45	Coffee/ tea break	
15:45-17:10	<ul> <li>Grievance mechanisms</li> <li>Robust grievance mechanisms for workers</li> <li>Bipartite organizations and unions</li> <li>Q&amp;A and feedback</li> </ul>	Ms. Jaewon Kim BSR
17:10-17:15	Closing Remarks	Wilmar



## Sample Workshop Agenda: Jakarta

Time	Activity	Lead
08:30-09:00	Participant Registration	Wilmar
09:00-09:10	Welcome & Opening Remarks	Wilmar
09:10-09:30	Wilmar's Sustainability Policy Implementation	Ms. Loo Siew Wai Wilmar
09:30-9:50	<ul> <li><u>Government Expectations</u></li> <li>Overview of labour condition and labour law implementation</li> </ul>	Ms. Sumondang SH, MH Industrial Relations Ministry of Labor
09:50-10:05	Coffee/ tea break	
10:05-10:25	<ul> <li><u>Union</u>: HUKATAN – KSBSI</li> <li>Overview of common/ priority labour issues in North Sumatra</li> <li>Overview of programs/ case studies</li> </ul>	Mr. Mathias Mehan Chairman (Ketua Umum)
10:25-10:45	Industry Association: GAPKI Programs & Expectations	Mr. Sumarjono Saragih Head of Labour Field
10:45-11:00	Supplier : Support for transformation (SFT) from TFT and Wilmar in ABM	Mr. Syahril Pane, Head of Agronomy PT Abdi Budi Mulia (ABM)
11:05-11:25	<ul> <li>Brand: Kellogg's</li> <li>Sustainability Policy &amp; Expectations towards Suppliers</li> </ul>	Ms. Angie Ng Kellogg's
11:25-12:00	Q&A	Wilmar
12:00-13:00	Lunch	
13:00-15:00	<ul> <li>Wages</li> <li>Minimum wage &amp; Living wage, Invisible labour</li> <li>Employment status – Permanent &amp; temporary workers</li> </ul>	Ms. Rosa Kusbiantoro BSR
15:00-15:15	Coffee/ tea break	
15:15-16:50	<ul> <li>Grievance mechanisms</li> <li>Robust grievance mechanisms for workers</li> <li>Bipartite organizations and unions</li> <li>Q&amp;A and feedback</li> </ul>	Mr. Jeremy Prepscius BSR
16:50-17:00	Closing Remarks	Wilmar
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### **Sample of Issues Discussed**

### Wages & Contract Status

- Key highlights discussed:
  - External stakeholder concerns: Amnesty International 2016 video (with Indonesian subtitles)



- Comparison between Minimum Wage and Living Wage
  - Invisible labor, child labor
  - Group discussion
  - Case studies from other industries (tea, banana, cocoa)
- Contract status
  - Comparison between Permanent workers and Temporary/ Casual workers

### **Grievance mechanisms & Labor unions**

- Key highlights discussed:
  - Grievance mechanisms
  - Labor unions and Bipartite organizations
    - External stakeholder concerns
    - External stakeholder expectations: Better Work Indonesia video on Bipartite Organization laws in Indonesia



Effectiveness of grievance mechanisms



## **Participant Feedback**

Feedback from the participants was positive. Participants were fully engaged in the workshops, and <u>expressed their desire for similar workshops to be held in the future</u>, both as a source of more advanced training/ information on various labor issues and as an ongoing communication platform to share and discuss challenges and solutions with peer companies and other stakeholders in the palm oil industry.

### **General Comments**

- "Good insights and knowledge for us to implement in our company."
- "Material was delivered quite clearly, and was of good quality
- "We have a better and clearer picture of the causes and effects of issues along the supply chain, as well as best practices, and will transfer our understanding to the managerial level and so forth"

### **Further support**

Workshop target participants & geographies

"I would like this workshop to be held for plantations & farmers and in other regions"

Workshop frequency

"Please, hold workshops like this more often as it increases companies' horizons/ knowledge and provides solutions to challenges"

 Further elaboration of topics and cover on other topics & resources and guidance

### Challenges

Broader stakeholder engagement & communication

"We need to increase the general public's awareness that palm oil companies also provide positive benefits/ impacts to the local community, workers, and the surrounding environment"

"Presentation from GAPKI & the government was very helpful. Multiple stakeholders including the government need to play a role in discussing and helping to find solutions for issues related to wages and labor"



## **Upcoming Activities:** 2<sup>nd</sup> Series of Supplier Workshops: Child Protection



## **Potential collaboration opportunities:**

## Three potential forms of support for brands to consider:

Supplier feedback	Potential support					
"Multiple stakeholders need to play a role in discussing and helping to find solutions for issues related to wages and labor"	<b>For Brands</b> : Sustainable supply chain/ procurement/ traceability work starting with Palm. Integrate these learnings into your sustainable procurement processes.					
Further elaboration of topics and cover on other topics & resources and guidance	<b>For Suppliers of growers/producers</b> : Development of Guidelines/ Standard Operating Procedures for suppliers (small/ medium size) who do not have any awareness or knowledge and insufficient resources to work on social/ human rights issues, with subsequent follow up engagements with suppliers to ensure they are able to follow the Guidelines.					
"We need to increase the general public's awareness that palm oil companies also provide positive benefits/ impacts to the local community, workers, and the surrounding environment."	<b>For Vulnerable groups</b> : Engage with international orgs like UNICEF or UNDP (we have been engaging with them, exploring the possible partnership format) and utilize their knowledge and skill in alleviating the poverty issue among vulnerable groups, map out the possible project & programs that could be standardized and replicated across the supply chain of brands/producers. Suggest a few projects and launch it with those orgs and brands together.					



## How Palm Oil can support Vulnerable Groups

Collaborative action : From Global Buyers to Vulnerable Groups

While oil palm brings prosperity to the society in general, some social groups are reported to have experienced negative effects. We would like to propose a collaborative incubation approach with multiple stakeholders, formulate the projects that could be implemented to minimize social harm and spread the prosperity more evenly. Those projects/ programs should be replicable across value chains, built based on the existing/ accumulated knowledge of international stakeholders, such as UNDP, UNICEF and CIFOR



LABOUR ABUSES BEHIND BIG BRAND NAMES - EXECUTIVE SUMMARY

AMNESTY







Various initiatives implemented by the governments and INGOs to support smallholders' productivity and capacity

Unequal power dimension between plantation and smallholders and subsequent demands for transparency on initiatives

Female workers tend to be in unstable job positions and earn less income than their male counterparts.

With oil palm expansion, female workers' workload is reported to have doubled, as a worker and traditional gender-based roles in household.

Due to poor water & sanitation quality, children in oil palm plantation were reported to be at high risk of malnutrition

Children were reported to be used as extra hands to earn more income for household, causing them to miss educational opportunities.



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## **Project Objective, Outcomes and Impacts**

<u>Project Objective</u>: To continue to work directly with suppliers in Indonesia to deepen supplier understanding of labor issues and enable learning and improvement opportunities for better plantation management practices through <u>supplier workshops focused on Child Protection</u>.

### **Project Deliverables**

- Defined set of engaged palm oil producers in Indonesia who are committed to work together to improve their management practices around key issues related to working conditions and worker welfare
- Workshops with brands and palm oil producers focusing on1 primary topic explored in depth: Child Protection/ Welfare with specialists, dialogue and shared outcomes.
- The topic will be engaged via the framework of an implementation manual, which participants will understand and can use to enable implementation post workshop.
- A series of 2 workshop streams will be executed with stream 1 in Indonesia (4 workshops) and stream 2 in Malaysia (2 workshops)
- A report of the workshop findings

### **Project Outcomes & Impacts**

- Participating suppliers gain a deeper understanding of stakeholder expectations around key issues, as well as management actions/ systems and initiatives which can lead to better worker welfare in their plantations.
- Increased buyer and stakeholder understanding of suppliers' existing management practices, challenges, and areas where further support is needed.
- Increased empowerment, collaboration and positive two-way communication across the palm oil value chain in Indonesia.
- Enables a purpose driven gender based women / mother / family empowerment approach.







## **Project Approach**

	Phase	Main Activities					
1	Align & Prepare	<ul> <li>Hold kick-off call, develop and finalize workplan</li> <li>Develop workshop content &amp; material</li> <li>Develop implementation manual</li> <li>Engage key stakeholders for manual content validation and workshop participation</li> </ul>					
2	Facilitate Workshops	<ul> <li>Engage with producers via workshops focusing on Child Protection via Stream 1 (4 workshops in Indonesia)</li> </ul>					
3	<b>Review Findings</b>	<ul> <li>Share learnings debrief with participating brands.</li> </ul>					



## **Align & Prepare**

In this phase, BSR will focus on the following outcomes:

- Hold kick-off call, review work plan, scope and deliverables
- Create the Child Protection Implementation Manual
- Stakeholder Engagement, Manual Content Validation
- Create training content

#### **Main Activities**

#### Work Plan, Scope and Deliverables

- Group discussion with all participating brands about their expectations for the project
- Review of work plan, dates, locations and timing of all event(s)
- · Review of process check-ins and communication
- Set dates for workshops

### **Creation of the Child Protection Implementation Manual**

- Simple and easy to follow implementation manual; in English and Bahasa Indonesia, approximately 18 ~ 20 pages
- Written to enable policy creation, review and implementation a Wilmar supplies.

#### Stakeholder Engagement, Manual Content Validation

 Map stakeholders, acquire feedback on the manual, utilize to populate training agenda

#### Workshop content development

 Develop content and material for each series of workshops: Child Protection and Industrial Relations



#### Deliverables

- · Work plan shared and confirmed
- Scope and format of deliverables agreed
- Creation of the Child Protection Implementation
   Manual
- Workshop content and participants



## **Topic: Child Protection**

How Child Protection is integrated into the management systems of both plantations and associated businesses will be explored via workshop and made concrete via an implementation manual.

### **Child Protection**

- Builds on Wilmar's Child Protection Policy
- Utilizes appropriate resources from <u>https://toolsfortransformation.net/</u>
- Exploration and discussion on components of the policy
- Explores how policy impacts plantation approaches to worker safety, welfare, services
- Aligned with the Child Protection Implementation Manual
- Integrates a gender lens, particularly focusing on the mother and the family





## **The Child Protection Implementation Manual**

Implementation Manual Proposed Content							
Area	Content	Detail					
Purpose and Proce	SS						
Purpose and Intent	Purpose of the policy and intended outcome						
Scope	Plantations Associated Operations Out of Scope	Definitions and description of issue alignment					
Understanding and Context	Laws Viewpoints Issues/Cases	Appropriate detail and case studies					
Enabling Your Own Child Protection Policy	<ul><li>A, Kick off</li><li>B. Evaluation</li><li>C. Analysis</li><li>D. Snr Mgmt Support</li><li>E. Implementation</li></ul>	Simple details on how to execute each step					
Content Areas							
No Child Labor	No Child Labor Clause Child Labor Remediation						
Facilities	Housing, Child Care, Recreations, Schools, Clinics Transportation	Purpose, Elements, Gender & Mothers					
Staffing and Issues	Abuse and exploitation avoidance Employment of suitable persons Other issues (e.g., online safety	Transparency and Training, Evaluation, KPIs					

Based on the Wilmar Child Protection Policy, the Implementation Manual is a "how to guide" for suppliers to review current practices, adopt their own policies and implement appropriate practices within their own operations.

It will go "beyond compliance" (e.g., are verification) and review how management systems, resources and approaches enable a "comprehensive framework for the protection, provision and for the participation of all children without discrimination to ensure their survival and development."

### **Content Validation**

The following organizations would be engaged in order to both proof content and to seek opportunities to support the training roll out:

- UNICEF
- Save the Children
- ILO
- Local and national government
- Others as appropriate and relevant

## Workshops

In this phase, BSR will focus on the following outcomes:

- Engage with select suppliers via one-day workshops focusing on Child Protect
- Focus on the identification of root causes and best practices, and industry collaboration • opportunities incrementally built across the workshops
- Workshop debrief report •

**Main Activities Deliverables** Supplier Workshops on Child Protection and Industrial Relations Based on the prior supplier summit, we will explore some of the Protection, held 4x across Indonesia key issues around child protection policies and plantation (potentially in Medan, Pekanbaru, Jakarta, implementation thereof TBD) The workshops will focus on deepening supplier understanding of the issues, common challenges, best practices and opportunities for implementation industry collaboration identified

### Workshop Debrief Report

Summary of findings and outcomes from the workshops •

- 1-day supplier engagement workshops on Child
- PPT summary of each workshop description, key takeaways, best practices/opportunities for



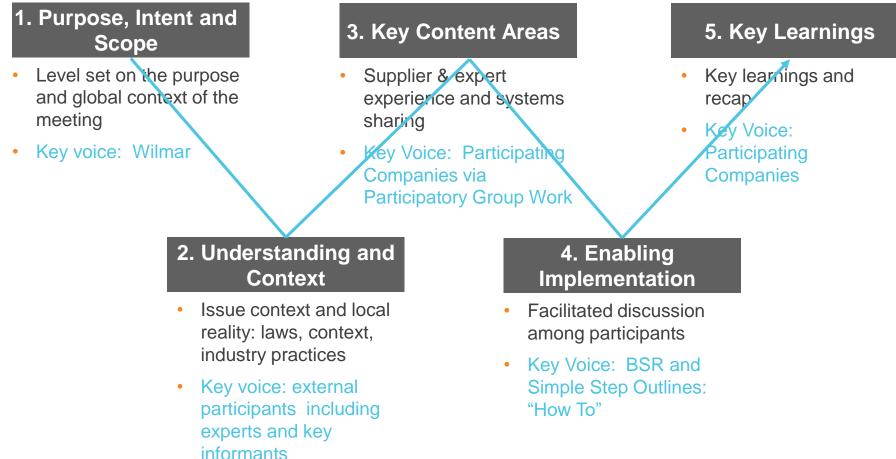




## **Workshop Approach**

Experienced BSR facilitators will lead the workshops in partnership with local Indonesian facilitators/ partnering organizations as needed.





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## **Harvest Findings**

In this phase, BSR will focus on the following outcomes:

- Harvest learning opportunities, best practices and opportunities for industry collaboration identified through the workshops
- Review with all participating brands



Main Activities	Deliverables
<ul> <li>Harvest Learning Opportunities</li> <li>Synthesize and review learnings from the outcomes of the supplier workshops</li> <li>Develop a presentation on key learnings, best practices and opportunities for industry collaboration</li> </ul>	Synthesis PPT project summary
<ul> <li>Review Discussion</li> <li>Two 1-hour webinars with buyers/ suppliers to discuss workshop learnings, best practices and opportunities for subsequent collaboration</li> <li>Agree on next steps</li> </ul>	Review via Webinar



## **Project Timeline**

The following high level timeline shows the core activities during the project. A detailed project plan will be developed and shared for agreement on the project kick-off call.

Phase	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
1. Align & Prepare					B							
2a. Facilitate Series 1 workshops (Indonesia x4)						<b>İİİ</b>		<b>İİİ</b>	Ť	<b>N</b>		
3. Review Findings & Discuss Next Steps												<b>%</b>



Project kick-off & preparation



Manual and Workshop Plan



Workshops





## **Benefits to Suppliers**

- 1. Hear directly from buyers and peer suppliers: Suppliers will have the opportunity to deepen their understanding of stakeholders' expectations related to their business practices, and the opportunity to continue to provide their own insights, challenges and requests for support related to plantation management.
- 2. Share in the learnings: Suppliers will have the opportunity to contribute to and benefit from learnings and insights derived from the sessions. Suppliers will have the opportunity to instill a deeper understanding among their buyers on supplier norms and challenges.
- **3. Invite your peers and suppliers**: Suppliers will have the opportunity to invite their own suppliers (3<sup>rd</sup> tier suppliers) to attend the workshops.



## **Benefits to Buyers and Brands**

- 1. Gain recognition for investments/ efforts: The invitations, convenings and PPT reports will explicitly call out and recognize the efforts & contribution of all participating brands.
- 2. Hear directly from the supplier community: Participating brands will have the opportunity to attend, listen and engage in the workshops. The initial workshop, in particular, will benefit from the inclusion of strong global buyer insight and voice.
- 3. Share in the learnings: Brands will have the opportunity to contribute to and benefit from learnings and insights derived from the sessions via access to the workshop outputs and review webinar.
- 4. Identify concrete actions to support: Outcomes are specifically focused on collaborative actions for buyers and brands, which will be based on local realities and context.
- 5. **Invite your suppliers:** Brands will have the opportunity to nominate their suppliers to participate in the workshops.

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