

Verité

Toolkit for Palm Oil Producers on Labor Rights



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Fair Labor. **Worldwide.**

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1. Introduction: Addressing the Labor Situation in the Palm Oil Industry

Addressing the Labor Situation in the Palm Oil Industry

In recent years, stakeholder and consumer action has highlighted labor conditions in palm oil production. In response, global brands using palm oil have ramped up efforts to enforce changes in their sourcing and procurement as well as supplier monitoring practices: mapping out complex supply chains, and conducting ground-level investigative assessments to understand the working conditions in their supply base. Palm oil suppliers have slowly invested in social compliance programs. Industry standards on labor have been strengthened, commitments forged among various stakeholders¹, and there is a growing realization on the need for shared responsibility—that the work involves finding solutions on all levels and on all fronts.

Assessments and capacity building of upstream suppliers, social audits, and similar activities undertaken by the Roundtable on Sustainable Palm Oil (RSPO) and Palm Oil Innovations Group (POIG) play an important role in promoting good labor practices. Beyond certification schemes, there has been a growing multi-stakeholder movement to address business-as-usual practices that pose harm not only to the environment but also to the people involved in and impacted by palm oil production.

Despite these developments, many barriers constrain efforts to eliminate labor issues associated with the sector. Brands still have much to do to understand labor risk sources in their supply chains and ensure good working conditions. Many suppliers still need to be sensitized to the moral and legal imperative, and benefit to business, of prioritizing workers' welfare. Those who have a good understanding of what needs to be done may not have the required capacity and resources.

Labor Concerns in Palm Oil

Palm plantations and oil mills supplying to palm oil refineries require labor-intensive processes. Oil palm estates and production facilities are typically established on vast landholdings in locations remote from town and city centers. Workers are vulnerable to adverse working conditions including long working hours, low wages, inadequate social security, unsafe conditions, unreasonable movement restrictions, and limited access to communication. Payment systems and wage structures can contribute to child labor risks and unequal treatment of women workers; employment arrangements sometimes limit workers' ability to organize and collectively advocate for better conditions. Risks are compounded for workers recruited unethically, such as: migrants who pay exorbitant fees and expenses to get the job; workers who are recruited through irregular channels, or under deceptive means; and those who are not provided the right papers and immigration status to allow them to work legally and safely in the host country.

Verité's² research reveals that in countries that rely heavily on migrant labor, practices such as retention of passports and other valuable documents and withholding or underpayment of wages are common. Undocumented or irregular migrants, who are at risk of deportation or harassment by authorities and local citizens, also face systemic restrictions on freedom of movement and heightened vulnerability to forced labor.

1 Verité. (2018). *Labor and Human Rights Progress in Sustainable Palm Oil Production*. <https://www.verite.org/rs-po-pc/>

2 *A Brief Guide to Ethical Recruitment for the Palm Oil Sector*. Verité, Inc., 2021, <https://www.verite.org/wp-content/uploads/2021/04/verite-A-Brief-Guide-to-Ethical-Recruitment-for-the-Palm-Oil-Sector>.

1. Introduction: Addressing the Labor Situation in the Palm Oil Industry

The **Toolkit for Palm Oil Producers on Labor Rights** was developed in line with the bigger goal of helping palm oil mills and plantations of all types and sizes, at different stages of compliance and performance, to eliminate egregious worker rights issues, manage various labor risks, and ensure that everyone in the sector works under decent, humane, and productive conditions. It is designed to help palm oil producers, who may not have the advantage of being part of certification units, to understand and assess their systems and practices against key labor standards. The toolkit is not intended to replace participation in the rigorous process of a comprehensive social/labor assessment, but rather to help palm oil suppliers prepare to engage in such assessment or certification activities and work towards a sustained performance with respect to labor standards.

Our theory of change...

Palm oil producers are a key partner in driving the needed change in the industry. You understand the industry and the market conditions very well. No one has better knowledge of palm oil operations and how to link up systems and processes to deliver key business requirements. Applying the lens of social sustainability and core labor principles in solving labor problems to these knowledge and skills make palm oil producers key agents of change.

Transforming the palm oil producer's processes and operations to be more sustainable is a steep, uphill climb. Palm oil producers are at different stages of learning. The toolkit takes the view that there are still many in the industry who have not been provided enough opportunity to experience the business value of sustainability. Those among you who do understand the business case may be grappling with how to evolve into a more responsible but profitable business. Meanwhile, there may be others who have started to put in place specific infrastructure and systems elements, are ready to take it to the next level, and only need additional input to transform the entire business model.

The toolkit recognizes these varying learning needs. The toolkit follows a learning path which follows a *tiered learning approach*. It starts with building awareness of fundamental principles and basic labor standards; identifying core labor violations; digging deeper to determine operational risk sources and system gaps; exploring remediation options and developing the necessary risk controls to prevent re-occurrence; and implementing measures to check for effectiveness and to make the necessary systems changes and improvements. It is designed to help you acquire a better understanding of industry and other external factors, as one strategy to embed social responsibility into your business. While the toolkit may not be able to provide the solutions to all the problems that you identify in your operations and all the gaps in your systems, it will provide you a framework and some directions you can explore to address issues and continuously improve your program.



1. Introduction: Addressing the Labor Situation in the Palm Oil Industry

Who is this toolkit for?

The toolkit is primarily targeted at palm oil producers' embarking on a journey to make plantations and mills fairer and more humane worksites.

This toolkit presumes that suppliers who understand the enormity of the work behind this goal are motivated and committed to invest time and resources. They may have just started to recognize the need to change and have a basic understanding of the principles behind laws and customers' standards on labor and workers. These suppliers have a strong foundation of problem-solving skills which they bring to bear on addressing business needs, but may have yet to apply to addressing labor issues in their business.

This toolkit is for **palm oil suppliers who are interested to learn more about up-to-date industry labor standards and practices**. This is an open-level toolkit that offers a range of beginner- to mid-level knowledge, and advanced features for monitoring and continuing current progress that can benefit even certified or more advanced palm oil suppliers.

This toolkit may also be used by **palm oil buyers and consumer brands who are rolling out labor standards and codes of conduct to their suppliers**. These tools can be incorporated into supplier-monitoring processes, or adopted by buyers for supplier capacity building programs.

Additional materials will continue to be built into this toolkit to address the unique needs of refineries, traders, global consumer goods brands, labor assessors, and labor advocates.

What's in the Toolkit?

The toolkit offers a *systems approach*, evidence-based tips and techniques, and practical steps. You will find short surveys and tests designed to help you determine if conditions at your plantation or mill are meeting important, core labor standards. There are briefing notes and guides that introduce you to the various labor standards, and insights on what stakeholders look for in an ethical and sustainable palm oil company in terms of working conditions. The toolkit also directs you to resources that provide in-depth discussions on related topics. Lastly, the toolkit offers recommendations in the form of basic steps, tips, and best practices in ensuring that customer and legal labor standards are met.

In this **Introductory** part of the toolkit, you will find some briefing notes on labor in palm oil, model "roadmaps" to guide you in your journey towards building strong labor compliance systems, and a short test to help you diagnose your baseline working conditions.

The section on **Understanding Principles and Standards of Fair Labor** will introduce you to core labor standards and some tools to help you determine whether you are meeting these standards, and some guides and tips for implementation.

Recognizing Core Labor Violations, Risk Sources, and Root Causes, will introduce you to the concept of core labor violations, and guide you on how to map out labor risks and conduct root cause analysis.

Addressing and Remediating Core Labor Violations will introduce you to basic principles of remediation, and some frameworks on developing corrective action plans.

The last set of tools, **Building Management Structures and Strengthening Systems**, will provide you more details on the *Verité Systems Approach* to labor standards implementation to guide you in making the necessary systems changes and improvements that will put you on the path of continuous improvement, beyond mere compliance.

Before proceeding, please read these instructions carefully:

- In taking the surveys and tests, it is ideal that you involve company staff who are tasked with and knowledgeable about the recruitment and management of your workers.
- The tools and reading materials in the toolkit are free, downloadable, and shareable. We only require that you provide your name, organization, and email address, and that you accurately cite our toolkit as the source: Verité Southeast Asia. *Toolkit for Palm Oil Producers on Labor Rights*. Verité, Inc., 2021, www.palmoiltoolkit.org.
- If you have any questions, please contact: vsea@verite.org.

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Briefing Note: The case for business

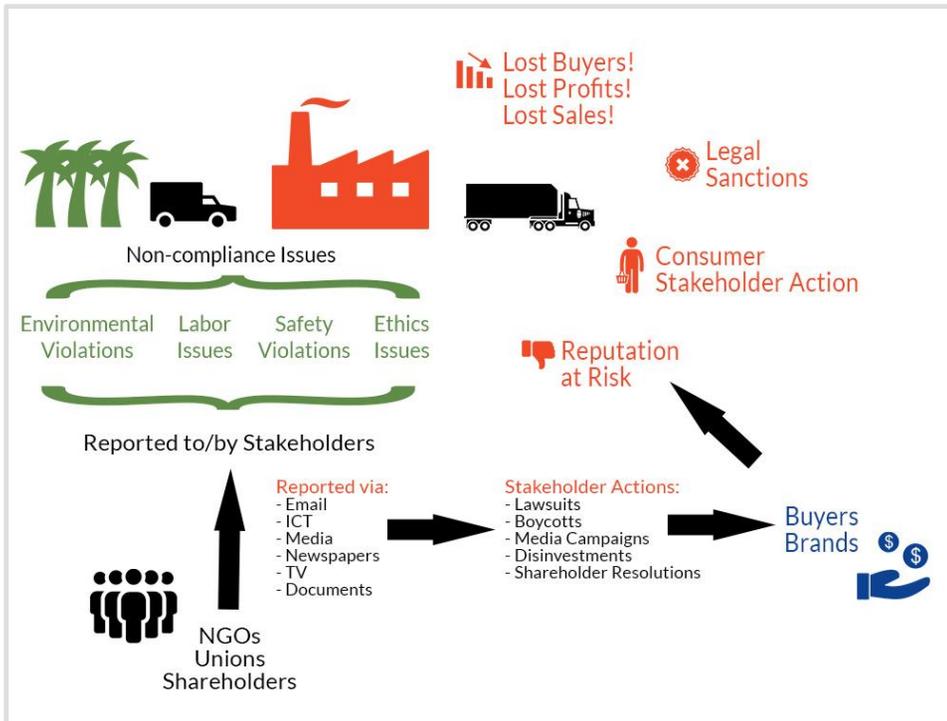
Stakes are high if labor issues in your operations are not addressed. You face threats of legal sanctions, lasting damage to reputation, and loss of business.

Verité's paper on palm oil production enumerates the risks to the business if issues of forced labor, human trafficking, child labor, and union interference are not addressed by the palm oil supplier³. They face criminal or civil sanctions, including steep fines, compensation to victims, and imprisonment. Damage to reputation may result in the loss of contracts and future business opportunities. In some countries where trade regulations strictly prohibit the import of goods that have been produced by trafficked or forced labor, allegations of abuse can result in imported goods being seized by public authorities. Allegations of human rights abuse also jeopardize investor relations.



³ Verité. (2013). *Understanding Labor Risks in Palm Oil Production*. Available at: <https://www.verite.org/wp-content/uploads/2016/11/Palm-Oil-Primer-EN.pdf>

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Why does this concern you?

Legal risk

Forced labor and human trafficking are considered crimes in most countries around the world. Companies found involved in such crimes could face prosecution resulting in criminal or civil sanctions including fines, compensation to victims, and imprisonment. Forced labor and human trafficking are also considered violations of international human rights law.

Threats to investment and finance

Allegations of human rights abuse, forced labor, and human trafficking can significantly threaten investor relations and risk divestment from both ethical and mainstream investors. They can also jeopardize access to public funds such as export credits, as public authorities increasingly link the financial support they provide to business with proven ethical performance.

Threats to brand value and company reputation

Allegations of forced labor and human trafficking can present serious threats to brand value and company reputation, particularly for those companies operating in consumer goods industries. Brand "contamination" can be difficult to reverse, and allegations such as these can threaten both existing and future business partnerships, resulting in a loss of contracts and/or future business opportunities.

Trade-related risk

In some countries, trade regulations strictly prohibit the import of goods that have been produced by trafficked or forced labor. In these jurisdictions, allegations of abuse can result in imported goods being seized by public authorities, inspected, and released only when shown to be untainted.

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Rapid Diagnostic Test

Do you want to know where you are on the path to eliminating labor issues in your palm-oil operations?

Take this short Rapid Diagnostic Test!

1. Have the working conditions in your plantation or mill ever been inspected for compliance to labor law or customer's labor standards?
 YES NO
2. Do you understand well enough the different indicators, working conditions, situations, and practices that make up a core labor violation, such as human trafficking or forced labor, to be able to recognize them if these indicators were present in your worksite?
 YES NO
3. Has a labor inspection **in the past 12 months** cleared your company of all labor issues related to forced labor, human trafficking, child labor, discrimination, violence/harassment and abuse, unpaid or underpaid wages, or union or collective bargaining suppression?
 YES NO
4. Has a labor inspection **in the past 24 months** cleared your company of all labor issues related to forced labor, human trafficking, child labor, discrimination, violence/harassment and abuse, unpaid or underpaid wages, or union or collective bargaining suppression?
 YES NO
5. Has your company developed and carried out a plan of action to address important labor issues?
 YES NO
6. In order to address/prevent child labor risks, apart from developing a policy, have you looked at the production quota and payment system to see if this is driving workers to bring children to the field?
 YES NO
7. Can you identify the top labor risks in your own operations, in the sector, and in the country?
 YES NO
8. In your company, does the top manager or someone directly reporting to the top manager oversee efforts to improve working conditions?
 YES NO
9. Is there a written commitment from top management to prevent and address labor violations and a set of written rules to enforce it?
 YES NO
10. Do you integrate into your processes and monitoring systems the findings from a previous risk assessment or labor audit?
 YES NO
11. Do the KPIs or targets of managers, supervisors, or subcontractors include ensuring proper labor standards implementation?
 YES NO
12. Are all the business units or departments in the company represented in a committee in charge of addressing labor issues identified in audits/assessments, and reporting progress to top management?
 YES NO
13. Do agreements and contracts with all labor contractors, service providers, and vendors include adherence to labor standards?
 YES NO
14. Do you have established procedures to monitor how subcontractors and vendors manage their workers who are in your plantation or mill?
 YES NO

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Rapid Diagnostic Test (continued)

Do you want to know where you are on the path to eliminating labor issues in your palm-oil operations?

Take this short Rapid Diagnostic Test!

15. Do you participate in any stakeholder meeting or consult with external stakeholders or experts to discuss and help you understand and address labor concerns?
 YES NO
16. Do you review existing worker-grievance mechanisms and other worker feedback processes to get information on the kinds of labor issues happening in your work sites?
 YES NO
17. Have you disclosed to your workers and to external stakeholders the labor situation in your operations and your efforts in eliminating worker rights' violations?
 YES NO
18. Do you have established procedures or mechanisms to gauge if the working conditions in your work sites have improved or worsened this year compared to last year (or over time)?
 YES NO
19. Is there an established program in your company to identify training needs and to continuously upgrade the knowledge and capacity of management, staff, and workers?
 YES NO
20. Are there labor issues or non-compliances for which you have been repeatedly cited?
 YES NO



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Rapid Diagnostic Test (continued)

To score your test, give yourself one point if you answered YES for questions 1-19. Give yourself one point if you answered NO for question 20. A perfect score = 20 points. **YES for 1-19; NO for 20 = Perfect score.**

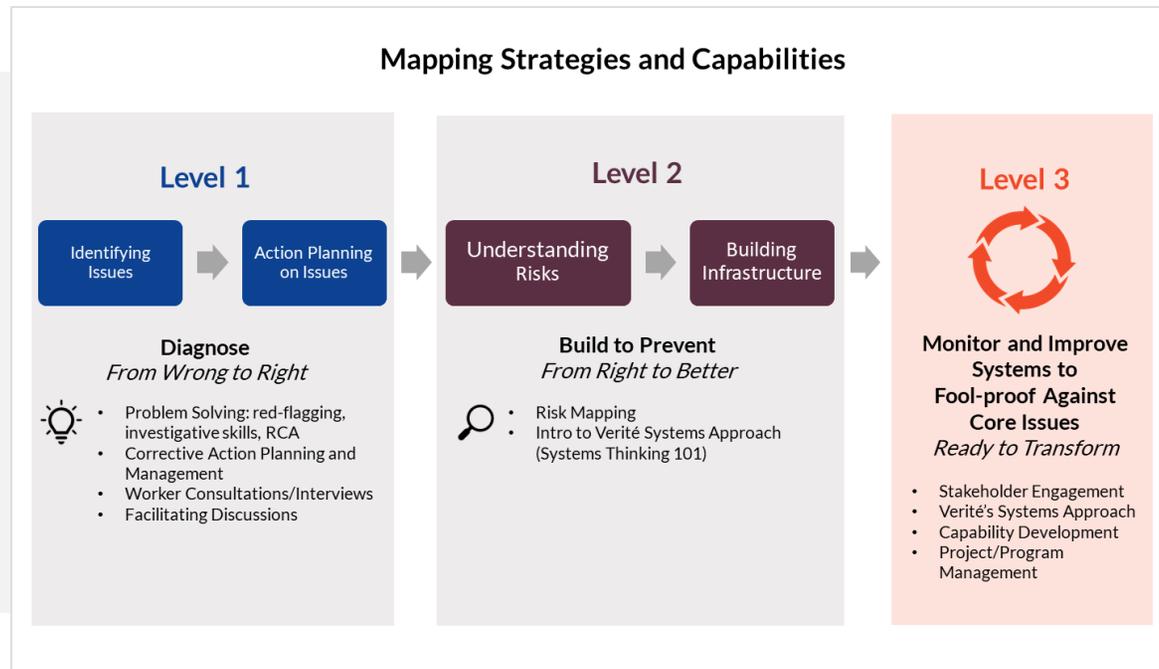
Interpreting your responses:

Score	Level
0-6 points	<p>Level 1 Supplier</p> <p>A Level 1 supplier has minimal understanding of worker rights and of the implications of serious labor issues to business; has limited to no formal processes to prevent and remediate labor issues; lacks the necessary infrastructures to prohibit core issues, such as child labor and forced labor, and ensure that policies are enforced.</p> <p>Learn more: Go to Chapter 2 to learn about the principles underlying labor standards in palm oil production and how to administer the Tools on Humane and Fair Palm Oil Work.</p>
7-14 points	<p>Level 2 Supplier</p> <p>A Level 2 supplier has a basic understanding of labor standards and is able to identify labor issues in the worksite. A Level 2 supplier is likely halfway through addressing labor issues and preventing them from recurring in the long term. Having gone through labor inspections and audits, a Level 2 supplier has an understanding of practices that directly cause or contribute to the issues. This supplier has started to put in place the basic infrastructure, such as an official policy prohibiting child labor, forced labor, etc., and appointing managers with responsibilities to make sure these policies are enforced.</p> <p>Keep improving:</p> <ul style="list-style-type: none">• Go to Chapter 2 to learn about the principles underlying labor standards in palm oil production.• Go to Chapter 3 to review how to map out labor risks, and learn about effective sources of information to guide you in risk prioritization and developing risk controls.• Commission an external assessment of your operations or participate in a buyer's audit program.
15-20 points	<p>Level 3 Supplier</p> <p>A Level 3 Supplier has developed the capacity for understanding the issues, its root causes, and risk factors, having gone through a number of audits and assessments. Responding yes to most of the questions may also mean that you have recognized going beyond your operations or business to understand the drivers of core labor issues like forced labor, human trafficking, harassment, and child labor by consulting or partnering with community members, government, or NGOs. At this level, the supplier is at low to medium risk of having core labor violations, as mechanisms to prevent issues from taking place are already in place.</p> <p>Keep advancing:</p> <p>Go to Chapter 4 to learn more about remediation, and Chapter 5 to see how you can further strengthen internal implementation structures, to reach the level of maturity required to be in a leadership position.</p>

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Tool: Roadmaps

Based on your score in the **Rapid Diagnostic Test**, locate where you are in the roadmap below.



Roadmaps help us chart a course or strategy to achieve a particular goal. They give us a clear sense of destination and show us where we are at the moment, how far or how close we are with respect to our desired position or target, and what it will take to get there. Good roadmaps provide clear directions and indicators, signposts and milestones that show us how far we have gone in the journey.

You can develop your own roadmaps, or matrices, or flow charts, or systems improvement plans. And you can call them whatever you fancy. The point is to have a useful guide that incorporates social responsibility requirements into existing business processes and management functions to help you determine a course to meet your business needs while also achieving social responsibility objectives. This is important so you have a clear and recognizable picture of what a socially responsible business looks like.

The sample roadmaps below provide you a quick preview of what system elements you need to put in place to put you on a continuous improvement track. (*More tools, guides, and discussions on how to improve your management systems are presented in Chapter 5.*)

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Sample Roadmap 1: Social Responsibility Maturity Roadmap

This roadmap shows different maturity levels in terms of (a) understanding of standards; (b) experience with labor issues in terms of prevalence and severity; and (c) existence of system elements and capabilities related to implementing labor standards and managing risks.

	Level 1	Level 2	Level 3
Understanding of standards, risks, and issues	<ul style="list-style-type: none"> Limited understanding of key principles None to basic understanding of standards 	<ul style="list-style-type: none"> Standards and specific requirements are understood Business-level risk indicators and risk sources are understood Business impact to working conditions is known 	<ul style="list-style-type: none"> Macro, industry-level, and micro/business process risk sources are mapped and well-understood A mechanism to update policies to reflect latest regulations and customer requirements in place
Prevalence and severity of Issues	<ul style="list-style-type: none"> Core labor violations not detected Core labor violations detected but not addressed (e.g. child labor, forced labor, trafficking) Risk sources have not been identified Systemic issues persist 	<ul style="list-style-type: none"> Some risk indicators and core labor violations are present in isolated to occasional instances Other labor issues are systemic – e.g., working hours, wages, discipline and worker management Many risk sources have been identified but not completely eliminated 	<ul style="list-style-type: none"> No core labor violations (forced labor, child labor, systemic Freedom of Association and wage issues) Isolated indicators of other labor issues Risk sources have been identified and eliminated
Systems and capabilities	<ul style="list-style-type: none"> None to basic compliance mechanisms; not subjected to periodic audits Simple employment policies and work rules in writing Agreements and contracts with labor suppliers and service providers are limited to price and scope of services No internal assessments, or reporting process 	<ul style="list-style-type: none"> Subjected to internal and third-party audits and assessments Basic compliance structure in place Monitoring is done to make sure policies are implemented Risk assessment is conducted to define objectives Simple external reporting of working conditions and progress 	<ul style="list-style-type: none"> Mechanisms for internal monitoring and reviewing performance Robust stakeholder engagement Project/program management Social responsibility objectives and plans go beyond legal compliance

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Sample Roadmap 2: Human Rights Management Systems Matrix

The roadmap below is based on the “**Intent – Implementation – Effectiveness**” framework, and includes multiple systems elements and processes corresponding to levels of maturity, with the rightmost column indicating the ideal management system: one that is robust, self-correcting, and effective in delivering results.

Social Responsibility Standard Requirement	What to Check
<p>Intent</p> <p>Has the social responsibility standard been addressed?</p>	<ul style="list-style-type: none"> • Commitment statements, policies, and procedures • Way of assessing social compliance risks • Relevant laws and customer requirements • Social compliance goals and performance targets
<p>Implementation</p> <p>How well does the actual practice meet the standard?</p>	<ul style="list-style-type: none"> • Management responsibility • Capability building, learning programs • Communication program • Controls placed to manage identified risks, change management • Supplier alignment
<p>Effectiveness</p> <p>Does the practice deliver the intended results?</p>	<ul style="list-style-type: none"> • Worker feedback mechanism • Internal audits and corrective action plans • Continuous monitoring program • Management review

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Human Rights Management Systems Matrix

	Getting Started	Basic Good Practice	Advanced	Robust System
Commit (Policy)	Review UN Guiding Principles on Business and Human Rights and leading HR policies in your industry.	Develop and communicate your policy to respect human rights, including worksites in scope of Qualifying Program.	Establish formal system to implement your HR policy; may include provisions in contracts or service agreements outlining HR expectations.	Establish routine to review and update policy periodically, reflecting latest developments.
Manage (Governance)	Identify existing governance structures in your organization or need to establish one.	Confirm senior-most operational accountability. Identify all roles who are responsible for implementing HR policy. Include HR responsibilities in relevant job descriptions.	Set written targets, KPIs, and plan to achieve them. Regularly review HR performance and policy implementation.	Senior management reviews human rights progress and challenges. Annual third-party review of human rights management system and conditions in relevant work sites.
Assess	Understand relevant human rights risks in your sector and industry.	Initial assessment of human rights risks of relevant workforce. This may include new assessment or review of existing data, specific to your work site and supply chain. Prioritize issues identified based on impact on people.	Plan approach to ongoing risk assessment, adapting and learning from initial effort.	Regular routine in place to assess and validate understanding of risk, change in risk profile, or root causes.
Monitor	Understand available monitoring approaches in your industry – supplier-led, third-party led, or combination.	Begin monitoring approach based on priority issues. This may include farm/plantation/vessel-level monitoring, conducted by suppliers, third parties, or workers.	Adapt monitoring based on initial learnings. Plan approach to longer-term capacity building or external hiring required to sustain.	Effective system in place to regularly monitor relevant human rights issues, including worker voice tools, with credible reporting available on results; well-functioning data system to gather and analyze monitoring data.

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Human Rights Management Systems Matrix (continued)

	Getting Started	Basic Good Practice	Advanced	Robust System
Address	Identify expert partners with experience addressing relevant human rights issues and in training organizations to address issues.	Begin addressing priority issues identified – in collaboration with relevant stakeholders; for example, relevant grievance mechanisms, changes in recruitment requirements, or alternatives to unsafe work.	Learn and adapt approach to addressing priority issues with relevant partners, begin demonstrating effectiveness.	Robust approach in place to address issues and root-cause drivers of risk. Includes engagement in industry efforts, origin countries as relevant. Third-party validation of improved system and conditions.
Prevent	Understand ways to prevent most relevant human rights issues in your sector – both within your worksites and across industry.	Begin supporting prevention efforts such as awareness raising and programming to address structural drivers of risk.	Full activation of prevention activities, with relevant partners.	Evolve prevention activities based on lessons learned and changing needs. System to verify effectiveness of prevention programming.
Build Capability	Identify training resources and partners available to build capability on human rights topics.	Identify training needs for key audiences – internal staff, specific worker populations, program implementers – on specific topics as relevant.	Activate training approach.	Ongoing training, tracking and measuring results.
Communicate Transparently	Review existing communication channels and messaging on human rights.	Establish process to capture learnings throughout this work. Share HR commitment externally.	Begin sharing learnings.	Regular public reporting on progress. Third-party validation of results reporting.
Cascade – As Relevant	-	Establish process to engage your suppliers on your expectations.	Implement formal reporting and review of supplier progress.	Include HR performance in selection and retention of supplier.

Using any of the sample roadmaps above, reflect on the mechanisms and processes already embedded in your social responsibility program and try to determine where you are located and what elements your program still needs, to get you to the next level.



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2. Understanding principles and standards of fair labor

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2. Understanding Principles and Standards of Fair Labor

This section provides an overview of principles and standards of humane and fair labor in palm oil and some practical tips and tools to help you determine whether your practices are aligned with these requirements. The standards referenced in this section are based on various international instruments, such as the ILO Declaration on Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights, as well as the RSPO Principles and Criteria and POIG labor standards, and leading global companies' supplier codes of conduct (CoC).

This section focuses on seven basic labor standards that you can use as important building blocks of responsible labor practices:

1 Ethical recruitment

2 Prohibition of all forms of forced or compulsory labor, including trafficking in persons

3 Prohibition of discrimination and violence

4 Fair wages and benefits

5 Humane working hours

6 Freedom of association

7 Prohibition of child labor

Understanding the standards and where your business stands in relation to them is important to help you define your objectives as a responsible palm oil producer and to determine the next steps you need to take to meet them.



2. Understanding Principles and Standards of Fair Labor

Principles and Standards of Fair Labor

Standard: Ethical Recruitment

Respect for and protection of workers' rights starts with the workers' ethical and responsible recruitment. Ethical recruitment refers to the process of hiring workers lawfully, and in a fair and transparent manner that respects their dignity and human rights. Ethical recruitment principles are based on international human rights standards including those described in ILO conventions, General Principles and Operational Guidelines for Fair Recruitment; the Dhaka Principles for Migration with Dignity; the International Recruitment Integrity System (IRIS); the UN Guiding Principles on Business and Human Rights; The Fair Hiring Initiative's On The Level (OTL) standards, and related industry codes of conducts and best practices including the Roundtable on Sustainable Palm Oil (RSPO).

A comprehensive approach to worker protection encompasses the following conditions:

- Workers are fully prepared for and freely choose the job.
- Workers are not deceived during the recruitment process.
- Workers are not charged fees in exchange for their jobs.
- Workers are able to advocate for decent working and living conditions.
- Workers are free to terminate their contracts without penalty.



2. Understanding Principles and Standards of Fair Labor

Standard: Ethical Recruitment (continued)

In many palm oil mills and plantations, workers are recruited and hired through third parties and contractors, labor brokers and recruitment agencies, and other intermediaries who play important roles in linking employers like yourself to the workers you need in your work sites. Programs developed by organizations such as *The Fair Hiring Initiative* help ensure that recruitment actors perform their roles in accordance with legal and ethical recruitment standards:⁴

- 1. Adherence to law** – The agency and its staff shall comply with all relevant legislation, statutory and non-statutory requirements, and official guidance covering Private Employment and Recruitment Agencies.
- 2. Transparency in terms of engagement** – The agency shall ensure that workers are given accurate information at the time of recruitment.
- 3. Free-of-charge provision of services to jobseekers** – The agency shall not charge directly or indirectly, in whole or in part, any fees or costs to jobseekers and workers, for the services directly related to temporary assignment or permanent placement.
- 4. Safety at work** – The agency shall act diligently in assessing work risks in order to promote the safety of workers in the workplace.
- 5. Non-discrimination and humane treatment** – The agency shall establish working practices that safeguard against any unlawful or unethical discrimination or inhumane treatment.
- 6. Respect for workers' rights** – The agency shall promote workers' rights by ensuring equitable, objective, and transparent principles are applied in workers' contracts, and workers maintain freedom of movement and association.
- 7. Confidentiality** – The agency shall ensure confidentiality in all of their dealings.
- 8. Professional knowledge and quality of service** – The agency shall work diligently to develop and maintain a satisfactory and up-to-date level of relevant professional service.
- 9. Fair competition** – The agency shall assure mutual relations based on fair competition.
- 10. Management systems** – The agency shall observe the highest principles of ethics, professional conduct, and fair practices in dealing with agency workers as well as other relevant stakeholder, and shall conduct their business in a manner designed to enhance the operation, image, and reputation of the industry.

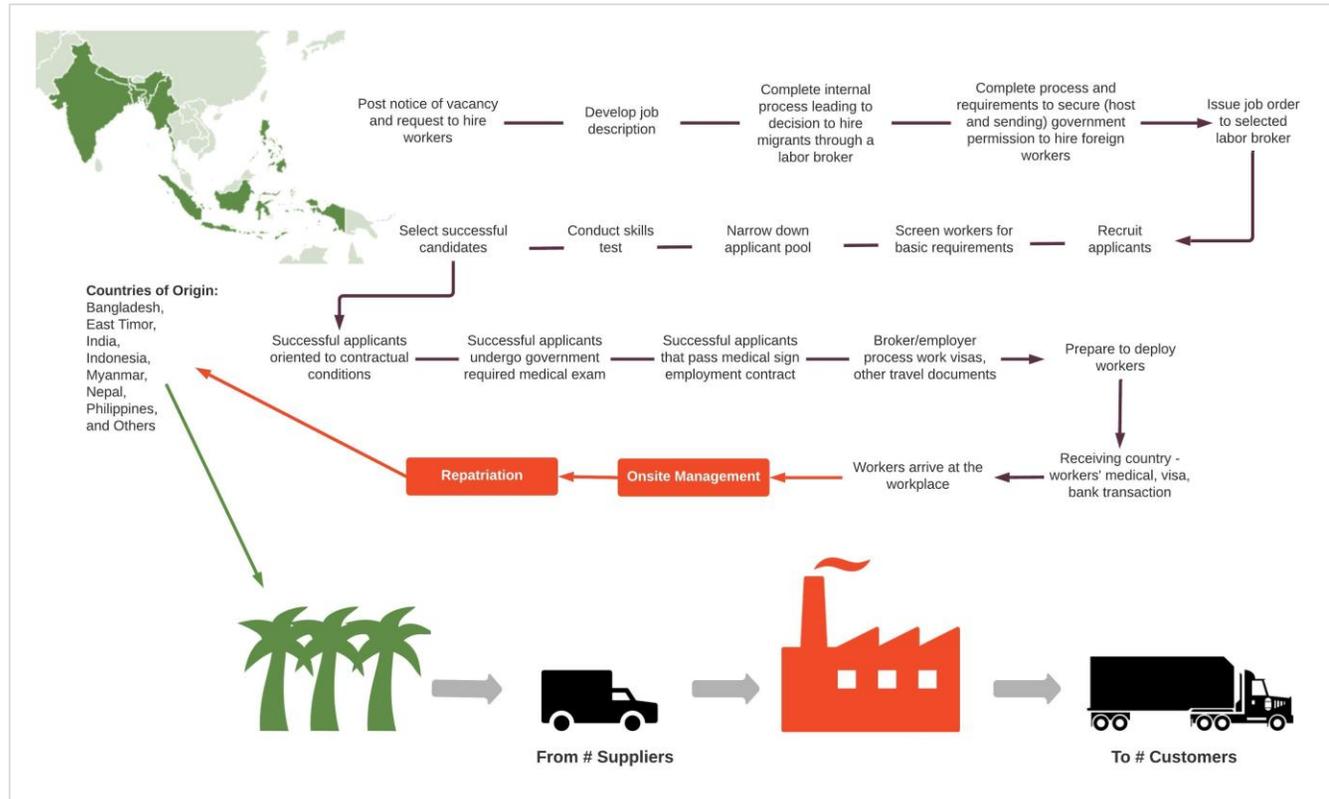
See RSPO Principle 6:

Respect Workers' Rights and Conditions; Criteria 6.6: No forms of forced or trafficked labor are used – <https://rspo.org/principles-and-criteria-review>

⁴ OTL *Ethical Recruitment Core Principles and Standards*. 2018, *Fair Hiring Initiative*.

2. Understanding Principles and Standards of Fair Labor

Standard: Ethical Recruitment (continued)



TIPS: Some steps to ensure that workers are recruited ethically

- Close examination of recruitment practices in the source countries, districts and villages where workers are coming from.
- Establishing clear and formal service agreements with labor contractors and suppliers incorporating laws and ethical recruitment standards
- Developing a documented process to actively verify compliance of recruitment partners with ethical recruitment and employment policies.
- Establishing credible mechanisms for workers or stakeholders to report any noncompliance, and a process for corrective action and remediation for those who are not in compliance.

2. Understanding Principles and Standards of Fair Labor

Standard: Ethical Recruitment (continued)

Understanding Recruitment Fees and the Employer Pays Principle

The ILO states that, “No recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers.” The RSPO Principles & Criteria also explicitly prohibits the charging of recruitment fees to workers as one of the indicators in the criteria on forced and trafficked labor.

According to the ILO, “the terms **recruitment fees** or related costs refer to any fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection.”

The recruitment of workers, especially when they come from another country, obviously entails significant expenses and costs: transportation, medical testing, training, documents processing, visa and work permits, the recruitment agent’s or broker’s service fees, and others. But why is the issue of who pays for recruitment fees important?

Verité’s research and direct engagement with many companies worldwide show that labor recruitment fees charged to vulnerable workers are a major contributing factor to debt bondage and forced labor in global supply chains. This is the premise behind the ‘Employer Pays Principle,’ which is sometimes interchanged with the “Zero Fee to Workers” principle.

The ‘Employer Pays Principle’ seeks to reverse the prevailing model of recruitment we see in so many industries and countries wherein poor, cash-strapped vulnerable workers pay for the full cost of their jobs, plus other unauthorized, unverified expenses and fees. In Malaysia, many palm oil workers from Bangladesh, Nepal, India, Indonesia, and Myanmar typically pay fees ranging from 700 – 4,000 USD. Moreover, their monthly wages that are less than 300 USD are imposed with levies and unexplained salary deductions, presumably related to the costs employers or brokers incurred in hiring them.

Sources:

A Brief Guide to Ethical Recruitment for the Palm Oil Sector. Verité, Inc., 2021, <https://www.verite.org/wp-content/uploads/2021/04/verite-A-Brief-Guide-to-Ethical-Recruitment-for-the-Palm-Oil-Sector>.

General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs. ILO. https://www.ilo.org/global/topics/fair-recruitment/WCMS_536755; https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---migrant/documents/publication/wcms_536755.pdf

Some employers have started paying for the cost of statutory requirements in the country of destination, such as work permits, residency cards, and levies, leaving workers to carry 80% of the total recruitment fee burden, and being bound in debt even before they set foot in the mill or plantation. The ‘Employer Pays Principle’ promotes the notion that no worker or jobseeker should have to pay for the cost of securing employment or placement in a job; that employers are in the best position to cover these costs and protect workers from deceptive, unfree recruitment that often result in workers being in situations of debt bondage and other forms of exploitation.

Some steps you can take to ensure that workers in your mills and plantations are recruited ethically:

- Adopt ethical recruitment standards including an *Employers Pay policy*.
- Map out the full cost of recruitment in the different workers’ countries of origin and in your country of operation – you will find that workers have been charged so much more than the actual cost of recruitment, that some costs can actually be driven down.
- Communicate all your requirements and expectations to recruitment partners clearly; organize policy orientations and ethical recruitment awareness sessions.
- Collaborate with local labor advocates in monitoring recruitment activities.
- Develop independent worker voice mechanisms and communication channels for jobseekers to report directly to you.

2. Understanding Principles and Standards of Fair Labor

Tool: Guide to Recruitment Monitoring

Verité has conducted audits of labor brokers for some of the largest companies in the world and uncovered risks that previously were hidden from the employer and the buyer.⁵ This experience has shown that an essential feature of effective ethical recruitment audits is interviews with recruitment agents and other labor intermediaries involved in recruiting workers for the business, as well as interviews with jobseekers and workers.

One good practice is to **interview workers at the point of recruitment or pre-deployment, and at post-arrival in the destination country.** This can give the employer/company full insight into the recruitment, selection, and hiring procedures used by the recruitment agents and labor intermediaries, and the conditions facing migrant workers during pre-deployment, transportation, arrival, and placement.

Employers (and auditors) should interview all recruitment agents and labor intermediaries involved in recruiting workers because each agent has their own practices and procedures. If this is not possible within the time frame of the audit, then a broad cross-section of recruitment agents should be interviewed in the origin and destination countries that is representative of the migrant worker population in the business.

If constrained by time and resources, recruitment agents in origin countries can be interviewed by video conference, with particular focus on how they are working with sub-agents or informal brokers and the fees/costs involved.

Other issues to address with recruitment agents include:

- Legal permit/license to operate in the origin and destination countries;
- Contractual and financial relationship with the employer;
- Pooling practices and screening procedures;
- Contracting procedures with labor intermediaries and selected jobseekers;
- Scope of service with the principal, e.g., whether they also perform human resource management functions for migrant workers, such as salary payment;
- Pre-departure orientation or training provided to workers;
- Fees and costs throughout the employment cycle;
- Identity document retention practices; and
- Whether the agent has established an effective complaints mechanism or grievance procedure available to migrant workers.



⁵ *An Ethical Framework for International Labor Recruitment*, <https://www.verite.org/project/an-ethical-framework-for-international-labor-recruitment/>

2. Understanding Principles and Standards of Fair Labor

Assessment Guide: Recruitment Partners

Here is a sample set of questions you can use to assess your labor brokers and agents' status and performance with respect to Ethical Recruitment Standards.

1. Do you have a license to operate as a recruitment agency?
 - a. How long have you been in the business?
 - b. Which countries and sectors do you supply workers to?
2. How do you advertise job openings and communicate the application process to potential candidates?
3. What information do you typically provide in your job advertisements?
4. Who conducts initial pooling and recruitment of workers for your agency?
5. Are all the agents/sub-agents who bring jobseekers to your agency employed by you?
 - a. What kind of relationship do you have with them?
 - b. Who pays and how much are they paid for their services?
6. What basic qualifications do you consider in screening applicants?
 - Gender?
 - Age?
 - Place of origin?
 - Religion?
 - Education?
 - Physical attributes?
7. What original documents are required from jobseekers?
 - a. Can jobseekers retrieve or withdraw their personal documents anytime?
 - b. Is there a deposit or fee workers need to pay to retrieve or withdraw their personal documents?
8. How much does it cost, in total, to process the application of one worker?
 - a. What does this amount cover?
 - b. How much are workers charged?
 - c. How much are employers charged?
9. When are workers informed about these fees?
 - a. What happens when workers cannot pay for the required amount?
 - b. Are the fees and the breakdown explained to them?
10. Do you provide selected candidates a copy of the employment contract?
11. Is the contract written in the workers' language?
12. Are contents explained to workers in a language they can understand?
13. Where and when do selected applicants sign the contract?
14. Do you make sure that you do not keep job seekers' or workers' financial documents at any time and for any reason?
15. Are jobseekers/workers provided with personal loans?
16. Are jobseekers/workers introduced and directed to private lending companies?
17. How much were the loans provided to the workers?
 - a. Did the workers have to post a bond? For what reason?
18. What type of medical screening, if any, is required of jobseekers?
19. Do you provide pre-departure training for selected workers?
 - a. What kind of information about the job are provided to selected candidates?
 - b. Who provides the information?
 - c. When is the information provided?
 - d. Is training conducted in the workers' native language?
20. Do you inform applicants when a job order has been cancelled?

2. Understanding Principles and Standards of Fair Labor

Assessment Guide: Workers

Here is a set of sample questions you can ask workers upon arrival in your worksite, to ensure that they were recruited ethically:

1. How did you learn about this job?
2. Were agents or labor intermediaries involved in bringing you to the worksite?
3. Did you pay for any recruitment-related fees and costs?
 - a. How much were you charged for placement, service, or processing fee?
 - b. How much were you charged for documents?
 - c. How much were you charged for medical tests?
 - d. How much were you charged for training?
 - e. Other charges: _____
4. Were you asked to give a deposit or pay a bond by your recruiter?
5. Were you asked to pay for anything else by your recruitment agency?
6. Did you have to borrow money to finance the cost of recruitment?
 - a. From whom did you borrow money?
 - b. How much?
 - c. Were you provided a receipt or a loan agreement?
 - d. Is there an interest on the loan?
7. What information about the recruitment process and about the job were provided to you by the agent or recruiter?
8. For foreign migrant workers: Were you provided a passport and work permit? If NO...
 - a. Who helped you to enter the country?
 - b. How much did you pay for this service?
9. Do you have the following with you?
 - Employment contract
 - Passport
 - Work visa
 - Medical certificate
10. If you don't have your passport, who has custody of it?
11. Under what conditions can you take your passport back?
12. Did you attend a pre-departure orientation seminar?
13. Did you sign an employment contract?
14. Was your employment contract explained to you before signing? Did you know...
 - What your work and position will be?
 - The name of the mill/plantation that you will be working in?
 - The address of the mill/plantation that you will be working in?
 - The salary you will be receiving?
 - What benefits you will be receiving?
 - How many hours/amount of time you will be working for per day?
 - Where you will be housed during your employment?
15. Do you understand your contract?
16. Did your recruitment agent explain to you the contents of your contract?
17. Did the contents of the contract and the explanation of your recruitment agent match?
18. Did the contents of the contract and the actual working and living conditions match? If NO...
 - Are the actual conditions better or worse?
 - Can you demand or advocate that conditions are improved to match the contract?
19. Were you informed when and how you will receive your salary?
20. Do you have any other family members/contacts here in case you have any other concerns and issues that need to be addressed?

2. Understanding Principles and Standards of Fair Labor

Standard: Prohibition of all forms of Forced or Compulsory Labor, and Trafficking in Persons

The elimination of forced or compulsory labor is one of the fundamental principles and rights at work, according to the ILO. **The use of forced or trafficked labor is strictly prohibited** in all the palm oil industry codes and certification standards, and is considered a serious crime in many countries. Forced labor and trafficking are also considered “*Core Violations*” by many brands and buyers of palm oil.

Forced labor is work that is performed involuntarily and under the menace of any penalty. It refers to situations where a person is forced to work with the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers, or threats of denunciation to immigration authorities.

Forced labor is a grave human rights violation affecting many people all over the globe. According to ILO data, 24.9 million people still experience it today. Amnesty International reports that women working in palm oil plantations are forced to work for long hours under the threat of having their pay reduced, and in unsecure work arrangements with no promise of pensions or health insurance.

Trafficking in persons, or human trafficking, involves the recruitment, transportation, transfer, harboring, or receipt of a person, often over international borders but also frequently within the boundaries of a single country, for the purpose of exploitation. The palm oil industry often relies on foreign and internal migrant workers to work in plantations and mills. Reports have identified cases of human trafficking in plantation workers in Malaysia and Indonesia, where they are initially promised legitimate papers and good pay, but are then placed in remote, isolated, and rural areas that have no options for transportation – making it difficult for them to move or leave and forcing them to continue working, for lack of choice.

Sources:

- <https://www.ilo.org/global/topics/forced-labour/definition/lang-en/index.htm>
- https://labordoc.ilo.org/discovery/delivery/41ILO_INST:41ILO_V2/1258219640002676
- <https://www.armesty.org/en/latest/news/2016/11/palm-oil-global-brands-profit-from-child-and-forced-labour/>
- <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=20504&LangID>
- <https://laborrights.org/industries/palm-oil>
- <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=20504&LangID>
- <https://laborrights.org/industries/palm-oil>

See Principle 6: Respect Workers' Rights and Conditions; Criteria 6.6: No forms of forced or trafficked labor are used - <https://rspo.org/principles-and-criteria-review>

Debt bondage is one of the ways through which workers are trapped in conditions of forced labor. Many poor workers in dire need of jobs are recruited by labor brokers who impose exorbitant recruitment fees that workers are unable to pay upfront, forcing them to take loans. Their debt repayment is then deducted from their salaries, and since their salaries are minimal to begin with, workers incur more debt on top of their existing ones, so that they only have enough to live on from day to day. In other cases, workers who attempt to escape from the situation face the consequence of more debt, or threats of violence.

Women, children, indigenous people, and migrant workers are among those who are most susceptible to bonded labor because of their existing vulnerability caused by poverty, discrimination, and lack of access to basic social services.⁶ Some migrant workers employed in palm plantations are deceived by brokers into bondage while trapped in remote areas and unable to return home or seek help.⁷



Answer the short SAQs below to see if you are meeting the basic standards and requirements on the prohibition of forced and trafficked labor and related indicators.

2. Understanding Principles and Standards of Fair Labor

SAQ: Forced Labor

1. Did any of your workers have to pay to get the job in your mill/plantation?
2. Have any of the workers in your mill/plantation incurred a debt or advanced their wages from your company or from anyone who has helped the workers find the job? If YES...
 - a. Are these workers paying off or have paid off the debt in the form of wage deductions?
 - b. Did workers agree to the terms of payment of the debt?
 - c. Are workers given up-to-date information on how much they have paid off the debt and how much they still owe the person or party to whom they owe the money?
3. Are workers charged the cost of the foreign workers' levy?
4. Will the workers incur a penalty if they leave the job without fully paying off the levy or the debt?
5. Will the workers incur any kind of penalty or deposit if they go on a vacation leave?
6. Are all workers provided employment contracts?
7. Are workers assigned to jobs and work scopes their contracts indicate?
8. Can the workers in your plantation or mill leave their work site during off-hours, without having to ask their crew leader's permission?
9. Can the workers leave their living quarters without any restrictions?
10. Do workers have to get their supervisor's permission to be able to leave the work site after eight hours of work or after the regular hours?
11. Are workers meted disciplinary action if they leave the work site without their supervisor's permission?
12. For mills: Are doors/gate locked during operations?
13. Are there security guards in the living quarters? If YES...
 - a. Do security guards only let workers in or out of the workers' houses at certain times of the day?
14. Are workers locked in their houses or rooms during their off-hours at work or during their sleeping time?
15. Are workers forbidden to go anywhere other than their dormitory during their off-hours?
16. Do workers have in their possession their passport and other original identity documents?
17. Do workers have access to their identity documents whenever they need or want to?
18. Is overtime work required of workers?



2. Understanding Principles and Standards of Fair Labor

SAQ: Forced Labor (continued)

19. Are there any penalties for workers, or their family members, who refuse overtime work?
20. Are original identity documents, such as passport, or any personal item of value, in workers' possession?
21. Can workers access their personal IDs and travel documents freely?
22. Can workers access water and food during work hours?
23. Are workers free to take toilet breaks during work hours?
24. Can workers access medical care freely?
25. Can workers stop work without feeling any pressure when they get injured or are feeling sick?
26. Can workers contact their family or friends?
27. Can workers contact their embassies or other parties for assistance?
28. Are workers able to go to places other than their work site or living quarters freely?
29. Are workers at risk of being interrogated or detained by authorities?
30. Have any workers faced harassment, intimidation, or violence from a person of authority?



Interpretation Guide

Items from 1 to 4 are centered on workers' recruitment, specifically fees, associated debts, and other terms linked to getting the job--conditions of an aspect of, which can be indicators of involuntariness and the which has to do with the workers' diminished ability to leave the job. Question 29 is particularly relevant to undocumented (or irregular migrant) workers. Their undocumented status makes them especially vulnerable to forced labor because of the threat of detention and deportation.

Long work hours and not being able to say no and leave the job after the regular work hours are another indication of involuntariness. On the other hand, Questions 8-16 and 28 relate to workers' movement both at job sites and living quarters that which, if restricted, is indicative of forced labor. Another dimension of forced labor is coercion. It is An example of which is wherein workers face adverse/poor conditions at work, either in the form of harassment, intimidation, or being denied access to basic services such as water, food, and decent living conditions (Qs 22-27, 30). Indications of both involuntariness and coercion create a forced -labor situation.

2. Understanding Principles and Standards of Fair Labor

SAQ: Trafficking in Persons

1. Are there foreign or internal migrants in your worksite?
2. Do you have procedures in place to check if any form of deception, force, or coercion have been used to bring workers to your worksite?
3. Are third-party actors or labor intermediaries involved in bringing workers to your worksite?
4. Has a third-party or intermediary profited from recruiting the workers?
5. Do you pay for all the recruitment-related fees and costs?
6. Do you have procedures in place to check if workers were promised pay, benefits, or other conditions about the job that are inconsistent with the actual conditions?
7. Do you have procedures in place to check if workers were under any threat to accept the job?
8. Are workers tied to their job because of a large debt, which they pay off from their wages for months?
9. Have you received other workers' grievances that report some form of exploitation?
10. Do any of the workers work under forced-labor situations (restricted movement, cannot leave job freely, withheld passport, coerced to doing work, deprived of basic needs, threat of arrest or deportation)?

References:

Modern Slavery: A Global Perspective by Siddharth Kara, Columbia University Press, 2017
ILO's C029 - Forced Labour Convention, 1930 (No. 29)
Modern Slavery: A Global Perspective by Siddharth Kara, Columbia University Press, 2017

Interpretation Guide

If you have foreign or in-country migrant workers, recruited with the help of brokers and other intermediaries, it is important to look into conditions under which they were recruited and brought to the plantation or mill to assess if workers were coerced or lured into taking the job, with promises of working arrangements and wages and other benefits that were not actually provided. These recruiters may likely have taken exorbitant fees from the workers, or placed them in debt, which the workers pay off in the form of wages or wage deductions, or may. The recruiters can wield some control or power over the workers for them to stay in the job, even if conditions are exploitative. Trafficking ultimately occurs when workers who were recruited, transported, and placed in jobs end up face an exploitative situations including situations of forced labor.



2. Understanding Principles and Standards of Fair Labor

Standard: Prohibition of Child Labor

According to the ILO, child labor refers to work that keeps children from experiencing their childhood, harms their physical and mental development, is socially and morally dangerous, and interferes with their access to education. Much evidence point to how child labor can damage a child's physical and psychological health in the long-term, suspending their chances for upward social mobility.

Poverty is common in rural areas where palm oil plantations are located. Parents are sometimes forced by their conditions to send their children to work in palm oil plantations, where they forego their opportunities to attend school.

The RSPO has put together different guidance documents to provide specialized support for different stakeholders in palm oil and ensure that children's rights are institutionalized to respond to the needs of children.

- Guidance for Palm Oil Producers:
https://rspo.org/library/lib_files/preview/1404
- Guidance for Smallholders and Group Managers:
https://rspo.org/library/lib_files/preview/1405
- Downstream Supply Chain Actors:
https://rspo.org/library/lib_files/preview/1406
- Auditors and Certification Bodies (coming soon)

To learn more about the new guidance documents, visit:

<https://www.rspo.org/news-and-events/announcements/rspo-launch-new-guidances-to-further-strengthen-child-rights-protection>

See Principle 6: Respect Workers' Rights and Conditions

Criteria 6.4: Children are not employed or exploited.

<https://rspo.org/principles-and-criteria-review>

Source:

<https://www.ilo.org/ipec/facts/lang--en/index.htm>;

https://labordoc.ilo.org/discovery/delivery/41ILO_INST:41ILO_V2/1258219640002676

<https://www.worldvision.com.au/docs/default-source/buy-ethical-fact-sheets/forced-child-and-trafficked-labour-in-the-palm-oil-industry-fact-sheet.pdf?sfvrsn=2>

Spotlight on the Child Labor Situation in Indonesia & Malaysia

Reports by media and non-governmental organizations (NGOs), indicate that child labor – including its worst forms – is prevalent in the sector, particularly among smallholder estates that supply to larger companies. The US Department of Labor includes palm oil from Indonesia, a top-palm-oil producing country, in its annual list of goods produced with child labor.

Typically, large plantations do not hire children directly. Instead, children, who could be as young as eight years old, help out their parents to meet harvesting quotas. Workers interviewed in a UNICEF study in Indonesia described the role of their children in palm oil work as simply 'helping' after school.⁸ "Most of the children help their parents in the afternoons, after attending school, and on weekends and holidays. However, some children have dropped out of schools and work for all or most of the day."⁹

Meanwhile, children of migrant workers on Malaysian plantations who are not recognized as residents or citizens of the country face higher risk of exploitation. For one, they do not have access to public education, and there have been a few studies linking low school attendance to child labor. Moreover, their parents usually do not earn enough and have no one to leave children at home with, forcing them to bring their children to the field with them.

Some good practices in addressing child labor that Verité has seen employers do are:

- Setting up schools for children of migrant workers;
- Establishing creches and child care facilities; and
- Continuous orientation and monitoring of workers and field supervisors on the issue of child labor.

Answer the short SAQ below to see if you are meeting the basic standards on prohibition of child labor.

^{8,9} <https://www.amnesty.org/en/documents/asa21/5243/2016/en/>

2. Understanding Principles and Standards of Fair Labor

SAQ: Child Labor

1. Do you have a policy to prohibit child labor in your own operations and in your suppliers' and service providers' operations?
2. Are age-verification procedures part of your recruitment and hiring process?
3. Is there anyone (including any of your subcontractors) working in your plantation, mill, or anywhere you have operations, who is younger than 18 but older than 15 years old? If YES...
 - a. Do the minors (aged 15-17) go to school?
 - b. Are safe areas for minors (aged 15-17) clearly identified within the operation?
 - c. Does the work exceed more than 48 hours every week on the average, or extend through the night?
4. Are all employees, workers, and staff oriented on the restrictions regarding workers aged below 18?
5. Are there children living with the parents or guardians onsite?
6. Do any of the parents or guardians bring the child or children in the work site?
7. Do you have procedures in place to check if the children are exposed to psychological or physical abuse?
8. Do you have procedures in place to check if children are engaged in any work in any of the following situations: confined spaces, dangerous heights?
9. Are the children present in areas near dangerous machinery or equipment?
10. Do you have procedures in place to check if children are exposed to substances or agents which harm the health of the workers, such as excessive noise, temperature, harmful chemicals?

References:

ILO's C102 - Social Security (Minimum Standards) Convention, 1952 (No. 102); C101 - Holidays with Pay (Agriculture) Convention, 1952 (No. 101); RSPO Principles and Criteria

Interpretation Guide

Items 1 and 2 are due-diligence questions. Having a clear policy prohibiting child labor in your operations and those of your contractors demonstrates your company's intent and commitment. That commitment has to be supported by procedures, including a robust age-verification procedure, that ensure no children are hired for the dangerous work in plantations. Question 3 and its sub-items define forms of "Child Labor" in the sector, which such as work done by anyone younger than 18 years old, who does dangerous work for 48 hours every week and do not go to school. without protective restrictions, or access to education despite being underage.

2. Understanding Principles and Standards of Fair Labor

Standard: Prohibition of Discrimination and Violence

The elimination of discrimination in respect of employment is also recognized as a fundamental right by the ILO, and prohibition of all forms of inhumane and abusive treatment of workers is covered by industry codes and standards.

Workers who have limited ability to exercise labour rights such as freedom of association, collective bargaining, decent work, non-discrimination, and access to justice, are also vulnerable to harassment and abuse. Some groups of workers, and particularly women, are disproportionately affected by violence at work, where unequal power relations, low pay, precarious working conditions, and other workplace abuses expose them to violence.

Gender discrimination and inequality

Women's vulnerability to inhumane treatment is compounded in production sites where most managers and co-workers are men. In plantations, the remoteness of the location and the predominance of men in positions of authority create significant risks among women. Their condition is made worse by the near-absence of unions, or effective grievance mechanisms, and fear of losing employment – which keeps them silent, perpetuating the harassment and abuse.

Women migrant workers. The palm oil industry often employs male migrant workers from neighboring countries who bring in their wives, mothers, or daughters for any work that can be given to them. Language barriers, challenges in accessing information, and discriminatory recruitment negatively affect migrant workers, especially women migrant workers who may have to deal with a largely male populated plantation. It has been documented that forced labor is a risk among women migrant workers in Malaysia where the palm oil industry is highly dependent on guest or immigrant workers. Women migrant workers' temporary/guest statuses, or in some cases, their irregular and undocumented statuses, have been used as basis by some employers to reduce wages and withhold benefits.¹⁰

¹⁰ <http://www.aph.gov.au/DocumentStore.ashx?id=0e989563-6299-48ad-af40-8604f73a494b>

In order to assist companies in taking a step forward towards developing their strategy for responding to, and eliminating gender issues in the realm of palm oil, the RSPO developed the **Practical Guidance on Gender Inclusion and Compliance to the 2018 P&C and ISH Standard 2019**. This guide will help companies understand what it means to have a gender-inclusive business, and embraces women's economic empowerment in their own processes and systems.

A draft of the document can be found here: <https://rspo.org/news-and-events/announcements/public-consultation-on-practical-guidance-on-gender-inclusion-and-compliance-with-the-2018-pandc-and-2019-ish-standard>

Learn more about gender inequality and discrimination:

Watch these videos to understand gender inequality and discrimination and how we can take part in promoting women's rights and empowerment.

- Gender Inequality: Now by WorldFish (<https://www.youtube.com/watch?v=4viXOGvuu0Y>)
- Who Cares: Unpaid care work, poverty and women's / girl's human rights by Institute of Development Studies (<https://www.youtube.com/watch?v=VVW858gQHoE>)
- Gender and palm oil: A day in the life of a female palm oil worker by Center for International Forestry Research (CIFOR) (https://www.youtube.com/watch?v=ilw_6r-PVug)

See Principle 6: Respect Workers' Rights and Conditions

Criteria 6.1: Any form of discrimination is prohibited - <https://rspo.org/principles-and-criteria-review>

Review and answer the questions below to check how well you are addressing risks to discrimination in your operations.

2. Understanding Principles and Standards of Fair Labor

SAQ: Gender Equality and Women in Palm Oil

1. Does your nondiscrimination policy include nondiscrimination on the basis of gender?
2. Do you have a policy on respect for gender equality?
 - a. What percent of your workforce is women?
 - b. What percent of your temporary/seasonal workforce is women?
3. Do women workers doing the same job as men get the same pay and benefits?
4. Are women provided access to training, resources, and information relevant to their jobs and entitlements?
5. Are women consulted on decisions and actions that are relevant to their working and living conditions?
6. Are any women workers occupying positions of leadership?
7. Are policies and procedures in place to ensure that women are protected against violence or harassment?
8. Within the worksite, is there a formal body overseeing women's rights' protection?
9. Are women provided access to training, resources, and information relevant to their health (including their sexual and reproductive health), safety, security and protection?
10. Do you conduct pregnancy testing as part of selection, recruitment and hiring requirements?
11. Are women workers given paid maternity leave in accordance with law?
 - a. Are women workers allowed extended maternity leave of at least 18 weeks, or as per law?
 - b. Are pregnant workers protected against situations at work that pose a significant risk to their own health and the health of their unborn child?
 - c. Are pregnant workers allowed to leave the work site to go to the doctor, after giving notice to management?
 - d. Do women workers receive cash benefits during their maternity leave equal to the full amount of their earnings?
 - e. After giving birth, are women given their old job without diminution of seniority and other benefits?
 - f. Are there facilities for women workers who are nursing, that are under adequate hygienic conditions at or near the workplace?
12. Are women workers given paid menstrual leave?
 - a. Is there any facility for menstrual hygiene for women during their menstrual period, at or near the workplace?
 - b. Does the facility provide menstrual pad/tampon, and toilets with access to clean water?
13. Are single mothers given the opportunity to access to housing facility?
14. Do women working in the plantation or mill have insurance against sickness, disability, old age and other similar social risks to agricultural work?
15. Do existing grievance mechanisms include special procedures for handling sensitive issues and violations of women's rights and safety?

Interpretation Guide

Women experience discrimination at work in many different ways. It could simply mean not being given the same jobs as men (Q 2), or when they hold the same job they are often in a precarious job status or are not given same pay and benefits (Qs 3, 13, 14). Women and men also enjoy equal freedoms at your plantation or mill when there are as many women managers as there are men and are given a voice in decisions that impact their work (Qs 4, 5, 6). The rest of the questions ask about policies and measures that need to be in place that protect women workers, pregnant women, nursing mothers, and single mothers.

2. Understanding Principles and Standards of Fair Labor

SAQ: Discrimination and Harassment

1. Are qualifications for job openings based on the functions and tasks?
 - a. Are all workers doing the same type of work paid the same rate?
 - b. Are criteria and process for promotion and incentives communicated to all workers?
2. Are there specific countries or communities from which you do not recruit?
3. Are workers allowed to practice their religions/beliefs?
4. Are there any restrictions to workers regarding their sexual orientation, gender identity and expression?
5. Are you aware of any of the following happening in your mill/refinery?
 - a. Verbal abuse
 - b. Verbal harassment
 - c. Psychological harassment
 - d. Physical abuse
 - e. Sexual harassment
6. Are there differences with how local and migrant workers, or how men and women workers, are treated regarding:
 - a. Hiring
 - b. Salary
 - c. Benefits
 - d. Advancement
 - e. Discipline
 - f. Termination
 - g. Retirement
7. Have you received discrimination complaints from the workers?
8. Have you received abuse or harassment complaints from the workers?
9. Are there standardized policies and procedures for dealing with discrimination?
10. Are there standardized policies and procedures for dealing with harassment and abuse?

Interpretation Guide

Violence and harassment at work (Q5), which impact workers' physical and mental health and erode their basic dignity, should be zero tolerance in any work place in whatever context. As women, especially in plantations, are more vulnerable, a more close attention should be paid to ways in which your business plans and operations put women at risk to violence and harassment. More and more customers have recognized the need for due diligence, incorporating in their social responsibility policies to their suppliers systems in preventing and addressing the issue (Qs 9-10).

References:

ILO's R191 - Maternity Protection Recommendation, 2000 (No. 191)

Source:

<https://evaw-un-inventory.unwomen.org/fr/agencies/ilo>
https://www.ilo.org/wcmsp5/groups/public/-/ed_dialogue/-/actrav/documents/publication/wcms_546645.pdf

2. Understanding Principles and Standards of Fair Labor

Standard: Fair Wages and Benefits

Wages are the compensation for human labor. The wages of a worker have a direct and tangible impact on their lives – these are necessary for them to be able to afford their day-to-day living and stay on their jobs. Wages and benefits should be assured for men and women working in plantations. Without proper wages and benefits, workers may have working hours without the commensurate pay, or not be compensated for injuries sustained at work.

The RSPO, in an effort to recognize the needs of workers and their right to remuneration that will provide them a decent life, requires members to provide workers the wages and benefits that meet the legal minimum wage and are sufficient to provide workers a **decent living wage**.

A **living wage** is defined as “the remuneration received by a worker, for work performed on regular hours, in a particular place sufficient to afford a decent standard of living for the worker and her or his family.” The Decent Living Wage (DLW) methodology adopted by RSPO considers the cost of a basic but decent standard of living for a worker and his or her family in a specific location. In order to determine if members are prepared to meet the living wage standard, they are encouraged to determine the current total value of the Prevailing Wage: remuneration earned by a worker during normal working hours, plus the cost of in-kind benefits.

Check out the RSPO’s Guidance on Calculating Prevailing Wages [here](#) and Implementing a Decent Living Wage [here](#).

See Principle 6: Respect Workers’ Rights and Conditions

Criteria 6.2: Pay and conditions for staff and workers and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages (DLW).



Answer the short SAQ below to see if you are meeting the basic wage standards and are prepared to meet the requirement of a living wage.

Source:

<https://rspo.org/principles-and-criteria-review>

<https://rspo.org/resources/archive/907>

https://labordoc.ilo.org/discovery/delivery/41ILO_INST:41ILO_V2/1258219640002676

<https://www.ilo.org/global/topics/wages/lang--en/index.htm>

2. Understanding Principles and Standards of Fair Labor

SAQ: Wages and Benefits

1. Do workers, including those earning by piece or tonnage, get paid at least the legal minimum wage for eight hours of work?
2. Does your company hire on a permanent, full-time basis, workers who are doing essential, every day jobs at the plantation or mill, including but not limited to fertilizing, irrigation, and harvesting, or oil-palm milling processes?
3. Does your company provide workers free housing with basic amenities such as toilet and bath, kitchen, and sleeping areas?
4. Are workers provided free drinking water?
5. Are food supplies provided to workers at a subsidized rate?
6. Do workers receive guaranteed allowances on top of the basic wage?
7. Are workers paid according to law on overtime and holiday work?
8. Do workers' employment contracts and pay slips give accurate information on compensation and deductions, including work done by family members?
9. Do payroll records include all workers, regardless of employment status?
10. Does the company comply with the government regulations regarding leaves? If YES...
 - a. Do workers have access to medical care, schools, and other needed amenities?
 - b. Do workers have access to affordable food?
 - c. Are workers insured in case of a work injury and permanent disability?
 - d. Are workers covered by an insurance to cover sickness benefit?
 - e. Are workers insured for their old age per government regulation?
 - f. Are workers in your plantation or mill granted paid annual vacation leave after working for at least a year as prescribed by government, or in a collective agreement, or after consultations with the worker representatives?

Interpretation Guide

At a minimum, companies must be paying the wages that meet the legal requirement. In answering the SAQ on Wages and Benefits, a NO to Qs 1 and 7 means a major non-compliance. Q3 is relevant to raising wage levels to meet living wage standards. In cases of underpayment, your company will need to pay workers back-wages and raise pay rates that meet legal minimum (and eventually living wage levels), effective immediately. In essence, where any legal requirement on workers' wages and benefits is not met, it is a major, if not a zero-tolerance issue for many buyers and brands. (To learn more about zero tolerance issues, jump to RECOGNIZING CORE VIOLATIONS, RISK SOURCES, AND ROOT CAUSES in Chapter 3).

2. Understanding Principles and Standards of Fair Labor

SAQ: Piece-rate and Productivity

1. Are production targets based on time and motion study of an average worker?
2. Do the production target/quota take into consideration:
 - a. The effective capacity of workers?
 - b. The time needed for breaks?
 - c. The terrain or location, as well as the age of palms?
 - d. The tools and equipment provided to workers?
3. Are production targets reviewed periodically?
4. Are targets used to set a benchmark on when to pay workers rewards, incentives, or promotions?
5. Are targets used to determine who receives minimum wage?
6. Are all workers on piece-rate guaranteed a minimum wage for work done within regular hours?
7. Are output produced after regular hours paid the overtime premium, as per law?
8. Are wage deductions, fines, increased workload, and other disciplinary actions imposed if workers do not meet the production target?
9. Are supervisors/group leaders/gangmasters' compensation dependent on the workers' ability to meet production targets?
10. Do supervisors/group leaders/gangmasters and workers forfeit bonuses and incentives for not meeting daily targets?

Interpretation Guide

Ideally, the answer to Qs1-4 should be YES, but in many cases unexamined production targets and piece-rate systems become the cause of a range of other issues – legal non compliance, excessive and underpaid overtime work, and others. While incentive systems are good for encouraging productivity, it can also lead to supervisors and leaders putting undue pressure on workers in order for them to receive their bonuses, and can result to abuse and exploitative working conditions. Questions in this section ask you to reflect on your production systems and practices, with particular emphasis on planning, productivity targets, incentives and fines. These factors combine to heighten risk to a host of labor issues (underpayment of wages, forced overtime, child labor, women discrimination). For example, if targets and piece rates do not take into account reasonable capacity of workers, legal minimum wage, and bio-climate/environmental conditions (as in Q2) and are not updated regularly, workers' wages may not meet the legal minimum on days that they work in steep terrains or inclement weather. Q8 highlights penalty schemes that have been linked to child labor.

2. Understanding Principles and Standards of Fair Labor

Standard: Humane Working Hours

Excessive working hours is dangerous to the physical and mental health of workers and one of the most common labor concerns. The ILO Convention adopted in 1919 concerned the limitation to the hours of work. The ILO standards for work remains the primary framework for regulating work hours, weekly rest periods, annual holidays, night work, and part-time work.

Research and assessments conducted by Verité and other organizations indicate that many men, women, and even young workers in palm oil mills and plantations typically work long hours under intense heat and difficult working conditions for minimal pay. During high-yield season, workers work beyond 40-hours/legal limit to try to earn bonuses. In low-yield season, workers have to work even longer hours to meet targets just to earn the regular wages. Harvesters are reported to be working up to 11 to 12 hours a day. Adding to the severity of the long hours is the physically demanding nature of the harvesters' work. Some workers also work on Sundays in an effort to earn enough to meet living expenses or to meet targets in previous days. Most mills operate on a 24-hour basis, and workers have to be onsite for various types of tasks sometimes typically for 12-hour shifts. In some mill operations, during peak season, migrant workers have been observed to work straight shifts, taking only short naps while at the work station.

Responsible palm oil producers ensure that they have enough workforce to operate mills and accomplish important tasks in fields and estates, while following legal working hours regulations. Where no clear limits to working hours exist, the standard followed by many companies is 60 hours per week, including overtime hours.

Answer the short SAQ below to see if you are meeting the basic standards on working hours

Source:
https://labordoc.ilo.org/discovery/delivery/41ILO_INST:41ILO_V2/1258219640002676
<https://www.worldvision.com.au/docs/default-source/buy-ethical-fact-sheets/forced-child-and-trafficked-labour-in-the-palm-oil-industry-fact-sheet.pdf?sfvrsn=2>

See Principle 6: Respect Workers' Rights and Conditions

Criteria 6.2: Pay and conditions for staff and workers and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages (DLW).

<https://rspo.org/principles-and-criteria-review>



2. Understanding Principles and Standards of Fair Labor

SAQ: Working Hours

1. Can mill workers stop working after eight hours, with no penalty or adverse consequence?
2. Are the working hours limited to eight hours in a day or 48 in a week?
3. Is weekly work regularly within 60 hours?
4. Are workers allowed to take a meal break during work hours?
5. Are workers allowed to leave the work site before eight hours, if production targets have been met?
6. Do workers have at least one day off in seven, and a day off after six consecutive days of work?
7. If wages are deducted for tardiness, is the deduction equivalent to actual time missed?
8. Does your company observe laws and government regulations on working hours?
9. Are the working hours of non-regular staff and workers recorded?
10. Is there an established procedure to monitor working hours of all workers?

Interpretation Guide

Mandatory overtime work, where workers face some kind of retaliation for refusing it, work that regularly goes beyond 60 hours per week or the legal limit, and workers not getting enough rest restrict some of the most basic freedoms of workers (Questions 1-6). If such problems persist in your plantation or mill, consider assessing how your operations and production are planned and what considerations go into it. Production schedules should be built around legal requirements on working hours and rest periods.



2. Understanding Principles and Standards of Fair Labor

Standard: Freedom of Association

Freedom of association is one of the fundamental labor rights, according to the ILO. Everyone is free to form or participate formally or informally in any group they choose to. The right to freely organize and form organizations is fundamental to establishing collective bargaining and social dialogue.

Joining a union is beneficial to workers especially for negotiating the salaries and other working conditions and terms. In some countries, there are constraints and restrictions to FoA applied to certain categories of workers, such as foreign migrants or casual or non-regular workers. As per the RSPO standards, employers are encouraged to make available parallel means for workers to organize and be represented by a worker of their own choosing.

See Principle 6: Respect Workers' Rights and Conditions

Criteria 6.3: The unit of certification respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.



Answer the short SAQ below to see if you are meeting the basic standards on freedom of association.

Source:

<https://humanrightshouse.org/we-stand-for/freedom-of-association/>

https://labordoc.ilo.org/discovery/delivery/41ILO_INST:41ILO_V2/1258219640002676

2. Understanding Principles and Standards of Fair Labor

SAQ: Freedom of Association

1. Are workers allowed to organize?
2. Is there a recognized union or worker association in your facility?
 - a. Can the union freely exercise their right to collectively bargain?
3. Do workers have to ask permission from the company to join or organize any organization?
4. Are there restrictions or penalties to union participation?
 - a. Do the penalties apply to local workers?
 - b. Do the penalties apply to migrant workers?
5. Has management interfered or prohibited any workers' organization to draw up rules or to enact programs and activities?
6. Have workers' organizations been barred from establishing or joining federations or affiliations?
7. Is declining or withdrawing membership from a union a condition for the worker to be offered or to keep the job?
8. Have there been members of a union who were dismissed because of their union membership?
9. Have any attempts to promote a workers' organization been controlled by management?
10. Have you funded or given any financial support to any workers' organization to bring that organization under management's control?

Interpretation Guide

These are important questions for you to reflect on to assess how workers in your plantation or mill enjoy freedom of association. Any policy or practice that in any way restricts their ability to form or join a group or union is a violation to this basic right. Dismissal and discrimination are the more serious evident forms of a violation, but funding or putting up another worker organization, or other means that impair a union's ability to operate, although less straightforward, are indications of freedom of association restrictions.

References:

C001 - Hours of Work (Industry) Convention, 1919 (No. 1)



2. Understanding Principles and Standards of Fair Labor

Integrating Self-Assessment Tool

Now that you have gone through the various labor standards and responded to the self-assessment questions for each key requirement, you can use the tool below to reflect on the overall status of your mill and/or plantation, and start making the necessary steps to close the gaps you have detected.

Standard	Key Performance Indicators <i>(see also the RSPO P&C 2018)</i>
Ethical Recruitment	<p>Recruitment is transparent, legal, non-discriminatory, and free of charge to workers.</p> <ul style="list-style-type: none"> • Recruitment policy and procedures are in place • A policy for ethical conduct is in place and implemented in all business operations and transactions, including recruitment and contracts. (RSPO P&C 1.2.1) • A system is in place to monitor compliance and the implementation of the policy and overall ethical business practice (RSPO P&C 1.2.2) • Recruitment process, requirements, and labor brokers/intermediaries involved comply with laws and employers' policies • Recruitment costs and expenses have been mapped out, and workers are not charged fees in exchange for their jobs (the employer pays for the cost of recruitment) • As per ILO, "No recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers." • Workers are not deceived during the recruitment process • Employment procedures for recruitment, selection, hiring, promotion, retirement and termination are documented and made available to the workers and their representatives. (RSPO P&C 3.5.1) • All jobseekers and candidates are free to withdraw their application and are not forced to sign contracts, or forced to work to pay off debts or loans • Predeparture orientation on the job scope, responsibilities, and entitlements is provided • Jobseekers/workers are able to advocate for fair terms, decent working and living conditions • Workers are not forced to sign contracts or accept job offers that curtail their basic rights or place them in hazardous work
Gaps Detected at Mill Level	
Gaps Detected at Estate or Plantation Level	

2. Understanding Principles and Standards of Fair Labor

Integrating Self-Assessment Tool (continued)

Standard	Key Performance Indicators <i>(see also the RSPO P&C 2018)</i>
Prohibition of All Forms of Forced And Trafficked Labor, and Trafficking In Persons	<p>No forms of forced and trafficked labour are used.</p> <ul style="list-style-type: none"> • A policy prohibiting all forms of forced and trafficked labor is in place • All work is voluntary and the following are prohibited: • Retention of identity documents or passports • Payment of recruitment fees • Contract substitution • Involuntary overtime • Lack of freedom of workers to resign • Penalty for termination of employment • Debt bondage • Withholding of wages • (RSPO P&C 6.6.1)
Gaps Detected at Mill Level	
Gaps Detected at Estate or Plantation Level	

2. Understanding Principles and Standards of Fair Labor

Integrating Self-Assessment Tool (continued)

Standard	Key Performance Indicators <i>(see also the RSPO P&C 2018)</i>
Prohibition of Child Labor	Children are not employed or involved in any kind of work in the mill or plantation. <ul style="list-style-type: none">• A policy prohibiting child labour is in place• There is a remediation plan, in case underaged workers are inadvertently employed• Where there are children on site (living with parents and guardians who work for the facility), access to schools, child care facilities, and creches is provided• Workers, staff, field supervisors and their families are oriented on the No Child Labor policy
Gaps Detected at Mill Level	
Gaps Detected at Estate or Plantation Level	

2. Understanding Principles and Standards of Fair Labor

Integrating Self-Assessment Tool (continued)

Standard	Key Performance Indicators (see also the RSPO P&C 2018)
Prohibition of Discrimination and Violence	<p>Children are not employed or involved in any kind of work in the mill or plantation.</p> <ul style="list-style-type: none"> • There is no discrimination in the workplace, everyone is treated fairly regardless of status, ethnic origin, caste, nationality, religion, disability, gender, sexual orientation, gender identity, union and political affiliation, or age • Recruitment selection, hiring, access to training and promotion are based on skills, capabilities, qualities and medical fitness necessary for the jobs available (RSPO P&C 6.1.3) • Workers are given equal pay for equal work • There is no harassment or abuse in the workplace • All reproductive rights are protected • Women are able to access training, resources, and information relevant to their jobs and entitlements, their safety and well-being • A grievance mechanism, which respects anonymity and protects complainants where requested, is established, implemented and communicated to all levels of the workforce. (RSPO P&C 6.5.4) • Grievance mechanisms include special procedures for handling sensitive issues and violations of women’s rights and safety
Gaps Detected at Mill Level	
Gaps Detected at Estate or Plantation Level	

2. Understanding Principles and Standards of Fair Labor

Integrating Self-Assessment Tool (continued)

Standard	Key Performance Indicators (see also the RSPO P&C 2018)
Fair Wages and Benefits	<p>Pay and conditions for staff and workers and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages (DLW). (RSPO P&C 6.2)</p> <ul style="list-style-type: none"> • All workers, including those earning by piece or tonnage, get paid at least the legal minimum wage for eight hours of work • All overtime and holiday work are paid according to law on • All workers (housed in the company property) are provided basic amenities such as toilet and bath, kitchen, and sleeping areas • All workers are provided free drinking water and access to affordable, nutritious food • Employment contracts and related documents detailing payments and conditions of employment (e.g., regular working hours, deductions, overtime, sick leave, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc. in compliance with national legal requirements) and payroll documents give accurate information on compensation for all work performed, including work done by family members. (RSPO P&C 6.2.2) • Permanent, full-time employment is used for all core work performed by the unit of certification. Casual, temporary and day labour is limited to jobs that are temporary or seasonal. (RSPO P&C 6.2.7)
Gaps Detected at Mill Level	
Gaps Detected at Estate or Plantation Level	

2. Understanding Principles and Standards of Fair Labor

Integrating Self-Assessment Tool (continued)

Standard	Key Performance Indicators (see also the RSPO P&C 2018)
Humane Working Hours	<p>All workers are entitled to work breaks and holidays, and normal working hours are kept to international standard of 48 hours per week, and 8 hours per day.</p> <ul style="list-style-type: none"> • There are established procedures to monitor working hours of all workers • Where there are no legal limits to working hours exist, the maximum applied is 60 hours per week, including overtime hours • Overtime work is purely voluntary, and is paid legal overtime premium rates • All workers are entitled to one day off after every six consecutive days of work • All workers are entitled to mandatory meal and rest breaks, and annual holiday breaks
Gaps Detected at Mill Level	
Gaps Detected at Estate or Plantation Level	

Standard	Key Performance Indicators (see also the RSPO P&C 2018)
Freedom of Association	<p>All workers have the right to form and join trade unions of their choice and to bargain collectively.</p> <ul style="list-style-type: none"> • Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel. (RSPO P&C 6.3)
Gaps Detected at Mill Level	
Gaps Detected at Estate or Plantation Level	

Click on the next set of tools: **Core Labor Violations, Risk Sources, and Root Causes** which will guide you on how to map out, prioritize, and address labor risks, and introduce you to some effective sources of information that can help you in risk prioritization and in conducting a root cause analysis. These are important tools to help you understand where in your operations investments need to be made; what controls you need to put in place to



1. Introduction: Addressing the labor situation in the palm oil industry
2. Understanding principles and standards of fair labor

3. Recognizing core violations, risk sources, and root causes

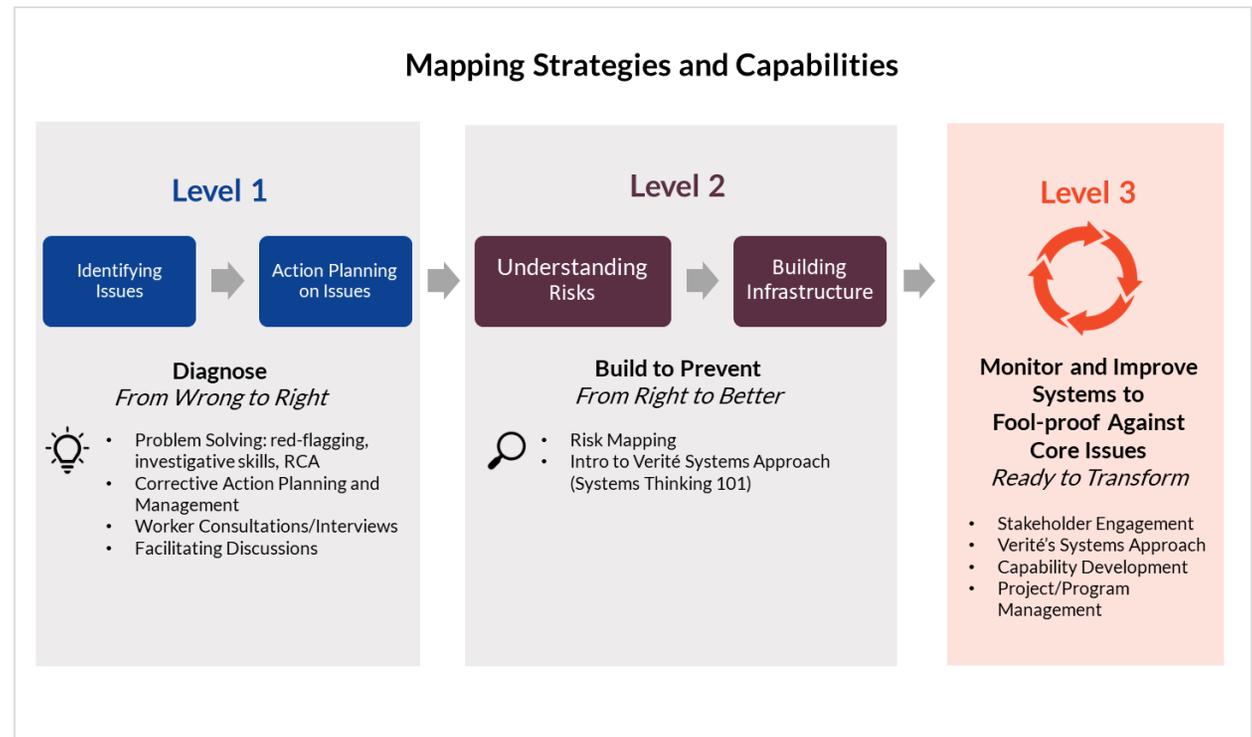
4. Addressing and remediating core labor violations
5. Building Management Structures and Strengthening Systems

3. Recognizing Core Violations, Risk Sources, and Root Causes

This set of tools is designed to help you understand what constitute **core labor violations** (which some companies term as “Zero Tolerance” Issues), and how to map out the different **risk sources** that can lead to these violations. You will be introduced to the concept of **risk-management** and **root-cause analysis** (RCA) to help prepare you for developing your own corrective action or systems improvement plans. Combining what Verité knows about endemic labor issues in the palm oil industry from field research, assessments, and direct engagement with a wide range of palm oil suppliers, these tools aim to describe how core violations and endemic issues manifest in operation, and provide you some guidance and practical steps that you can take to address core violations and their root causes, and prevent recurrence.

In the previous sections, you were introduced to the concept of setting social responsibility objectives through *roadmapping* and baseline diagnostic testing (1). You were also provided an overview of key labor requirements and standards relevant to palm oil producers today, and several tools to help you understand where you currently stand in relation to these expectations from you as a palm oil producer, miller, or grower (2). After having gone through those modules and tools, and after diagnosing your baseline conditions, you are ready to take the next step: building the infrastructure and system elements needed to understand and manage risks, and to prevent them from turning into full-blown issues. You are progressing — from *doing things right to doing things better!*

The tools are divided into two sets: **(I) Core Labor Violations and Risks**; and **(II) Root-Cause Analysis**. These tools will prepare you for the next step: **Addressing and Remediating Core Labor Violations**, where you are introduced to basic principles of remediation and some frameworks for developing corrective actions.



3. Recognizing Core Violations, Risk Sources, and Root Causes

Core Labor Violations and Risks

Understanding Core Labor Violations and Risks

Palm plantations and oil mills require labor-intensive processes, and workers can be exposed to a range of adverse conditions and exploitative situations. Among the worst forms of labor exploitation documented in palm oil production are: forced labor and trafficking; child labor; physical violence, harassment and abuse; systemic violation of workers' basic right to freedom of association, fair wages and working hours. This, despite sustained efforts by governments, industry associations, civil society organizations, and companies to improve working conditions and raise standards of living for palm oil workers.

Recent media and NGO reports detail serious labor abuses, exploitative situations, even forced labor and modern slavery.¹¹ These extreme workplace situations violate the most fundamental and basic of people's rights and freedoms that they are often called **core violations**.



¹¹ <https://apnews.com/7b634596270cc6aa7578a062a30423bb>

3. Recognizing Core Violations, Risk Sources, and Root Causes

Core Labor Violations and Risks (continued)

Forced Labor and Trafficking in Persons

Picture this scenario in a palm oil mill in Malaysia: Most of the workers are from Nepal and Bangladesh. Some of the Nepali workers have been thinking of leaving their job for a while now because the work hours in the mill are very long and they are always tired. They said there are times when they are required to work up to 20 hours a day, and they have to steal nap times in the mill. Some of them said they can endure the long hours, but they just miss their families and would like to go home. When they tried to talk to the supervisor about this, they were threatened with being reported to the authorities for not having the legal papers required for work. The Nepali workers are not sure what other kinds of papers they need to have; they only know that they have passports, although these are currently either with the broker or the mill manager. The Bangladeshi workers also tried asking their agents to transfer them to a different job. They said they were initially promised work in a factory, but they were not told that it would be a mill in the middle of a vast and remote plantation. The agent told the Bangladeshi workers that he cannot transfer them to another job, unless they settle their debts with the recruiters back in Bangladesh. According to the workers, it would take at least another twelve months of salary deductions for recruitment fees and loan payments, which the mill office facilitates, for them to be able to fully settle the debt. Some of the workers fear for the safety of their families in Bangladesh if the payments are stopped. They have heard of cases of families facing harassment and intimidation, even violence, from the Bangladeshi agents. The workers feel they have no choice but to stay in the job, even if their supervisor always tells them that the gates are wide open and they can leave anytime.

These workers are clearly in a situation wherein they cannot leave the job, or refuse the work, without experiencing any kind of penalty, or the possibility of a penalty. In effect, these workers are in a forced labor situation.

The International Labor Organization or the ILO defines forced labor as *“all work or service which is exacted from any person under the menace of any penalty and for which said person has not offered himself voluntarily.”* According to ILO there is forced labor when these two conditions are both present: **involuntariness** and **coercion**

Moreover, this case may also be categorized as trafficking because of these elements:

- Action: Someone recruited workers for the job in Malaysia
- Means: Using fraud and deception
- Purpose: In order to coerce workers to keep working in a job or under conditions they did not sign up for

The Palermo Protocol to Prevent, Suppress, and Punish Trafficking in Persons, meanwhile, defines trafficking in persons as:

“ ... the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organ.

3. Recognizing Core Violations, Risk Sources, and Root Causes

Core Labor Violations and Risks (continued)

Child Labor

Reports by media and non-governmental organizations (NGOs) indicate that child labor – including its worst forms – is prevalent in the palm oil sector, particularly among smallholder estates that supply to larger companies. The US Department of Labor includes palm oil from Indonesia, a top-palm-oil producing country, in its annual list of goods produced with child labor.

Most large plantations have strict “no child labor” policies. However, children who could be as young as eight years old are typically found helping out their parents who have to meet harvesting quotas in order to receive the day’s wage. Workers interviewed in a UNICEF study in Indonesia described the role of their children in palm oil work as simply “helping’ after school.”¹² They said that most children help out on weekends and holidays. However, the study also found that some children drop out of school and instead work alongside their parents throughout the day.¹³

In Malaysia, especially in Sabah, the children of Indonesian and Filipino migrant workers in Malaysian plantations who may have come to Malaysia irregularly, or have fallen out of status, are considered stateless: they are not recognized as residents or citizens of the country, thus becoming more vulnerable to exploitation. So-called stateless children do not have access to public education and other social services. Some well-established, larger plantations operate schools for the children of their workers, including migrants. The same cannot be said for many other plantations where irregular or undocumented migrants and children live and work.

Children are exposed to serious health risks

Children in palm oil plantations face severe health risks. They can be exposed to haze, a toxic smoke emitted from forest fires. In Indonesia, forests are burned to clear land for planting oil-palm trees. Children, because of their underdeveloped immune systems, are especially vulnerable. Research has linked toxic air pollutants to a host of children’s illnesses and deaths, including respiratory diseases, miscarriages and deaths of young children, low birth weight, and impaired cognitive development. Haze-related illnesses also result in low school attendance and temporary closures of schools. Child workers also face the risk of injuries and accidents from carrying heavy sacks of loose fruits or carting oil-palm fruit bunches on wheelbarrows over uneven terrain and narrow bridges.¹⁴ They are also prone to heat exhaustion, cuts, bruises, and falls from climbing the thorny palm trees.



¹² <https://www.amnesty.org/en/documents/asa21/5243/2016/en/>

¹³ <https://www.amnesty.org/en/documents/asa21/5243/2016/en/>

¹⁴ <https://www.amnesty.org/en/documents/asa21/5243/2016/en/>

3. Recognizing Core Violations, Risk Sources, and Root Causes

Core Labor Violations and Risks (continued)

Systemic workplace discrimination, violence, harassment, and abuse

Workers who have limited ability to exercise labor rights such as freedom of association, collective bargaining, decent work, non-discrimination, and access to justice are vulnerable to harassment and abuse. Some groups of workers, particularly women, are disproportionately affected by violence at work, where unequal power relations, low pay, precarious working conditions, and other workplace abuses expose them to violence.

The new Violence and Harassment Convention of 2019 (No. 190) and Recommendation (No. 206) outlines the definition of harassment as “a range of unacceptable behaviours and practices” that “aim at, result in, or are likely to result in physical, psychological, sexual or economic harm.” According to the ILO, this potentially covers physical abuse, verbal abuse, bullying and mobbing, sexual harassment, threats and stalking, among other things.¹⁵

The Convention covers everyone, regardless of employment status, whether you are an intern, volunteer, job applicant, or an employer; whether you belong to the formal or informal economy; or whether your workplace is located in urban and rural areas.¹⁶

However, the most common and pervasive form of violence and harassment is gender-based violence, especially towards women, and this is also common in the palm oil industry.

Women palm oil workers in Africa have reportedly been forced into sexual activity by male supervisors and foremen in exchange for receiving their pay. Women workers in Indonesia were paid less than their male counterparts even when they worked at the same rate, and they are never granted permanent status despite the crucial nature of their jobs. Women also face health risks because of being assigned in roles that expose them to chemicals and pesticides. Pregnant women workers have also suffered miscarriage while on the job because of being exposed to exhausting and toxic environments.

References:
<https://wrm.org.uy/articles-from-the-wrm-bulletin/section1/indonesia-violence-against-women-workers-in-oil-palm-plantations/>; https://www.grain.org/system/articles/pdfs/000/006/164/original/Breaking%20the%20Silence_8March2019.pdf?1552044439

Freedom of Association Issues

Freedom of association issues in palm oil

Lack of unions present in plantations. Most workers in palm oil plantations in Malaysia and Indonesia are not represented by independent unions or labor organizations and are therefore not benefitting from collective bargaining.¹⁷ Even when unions are available to represent workers, they are sometimes 1) intimidated and harassed, and 2) are not sufficiently capacitated to represent workers and negotiate with plantation owners. For migrant workers, being able to organize their own union or take leadership positions in existing unions in order represent migrants' interests, is often legally disallowed.

Intimidation and harassment of labor defenders. Labor rights defenders and union members are reportedly harassed and not allowed entry to plantations. This makes it difficult for them to organize the workers and collect their grievances in order for them to effectively mobilize a collective bargaining agreement with their employers.

Capacity building for unions representing palm oil workers is necessary. When unions are available, some lack the capacity to promote collective bargaining agreements between the workers and their employers. Thus, there is a significant need for capacity building among union members in order for them to represent the workers in the plantations.

References:

https://www.theconsumergoodsforum.com/wp-content/uploads/2018/11/201811-CGF-FLA-Palm-Oil-Report-Malaysia-and-Indonesia_web.pdf; <https://humanrightshouse.org/we-stand-for/freedom-of-association/>;
https://labordoc.ilo.org/discovery/delivery/41ILO_INST:41ILO_V2/1258219640002676;
<https://www.iuoe.org/about-iuoe/union-faqs>

¹⁵ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_711891/lang-en/index.htm

¹⁶ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_711891/lang-en/index.htm

¹⁷ https://www.theconsumergoodsforum.com/wp-content/uploads/2018/11/201811-CGF-FLA-Palm-Oil-Report-Malaysia-and-Indonesia_web.pdf

3. Recognizing Core Violations, Risk Sources, and Root Causes

Why do companies take a “zero tolerance” approach to these violations?

Many buyers and customers take a “zero tolerance” position on these core violations, which can oftentimes mean a suspension of the business with suppliers who are found to have committed these violations. This is because brands and buyers also have statutory and customer requirements they need to fulfill, and they can face severe legal and business consequences when they fail to manage human rights risks in their supply chains.

As a response, some palm oil companies that supply to many big consumer goods brands have developed special protocols for dealing with such core violations:

Wilmar International’s “no exploitation protocol” for third-party suppliers

September 2020

https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/policies/wilmar-no-exploitation-protocol.pdf?sfvrsn=e2b8c921_2

Having specific protocols, procedures, or processes to respond to core violations is a way for companies to communicate to their stakeholders their commitment to exploitation-free workplaces.



3. Recognizing Core Violations, Risk Sources, and Root Causes

Mapping and Managing Risks

What are labor risks and how do you manage them?

Labor risks are conditions, circumstances, situations, behaviors, and practices that can affect your ability to comply with labor standards. Risks can be external or internal to your operations.

Example 1: Unregulated migration of workers and porous borders between countries can lead to a high number of unauthorized brokers or recruitment actors taking advantage of these workers and providing them fraudulent documentation, deceiving them about job conditions, in turn increasing the risks of trafficking for forced labor—some of the worst forms of labor exploitation and widely considered as core violations.

Example 2: high poverty rates and low incomes, combined with limited access to schools and childcare facilities, leave parents no choice but to bring their children to the field or put them to work to help increase yields and meet production quotas, increasing risks of child labor, another core labor violation.

Some risks are inherent to the nature of the business, or are linked to the location or country of operation, and may be more difficult to root out. Other risks can only be avoided, controlled, or their potential impacts mitigated. Understanding what the different types and categories of risks are, where and how they might arise, and which ones can impact your social responsibility objectives the most, are important first steps towards managing these risks and ensuring that you meet labor standards and your buyers' expectations.

Risk-management is an important tool that uses a proactive, systematic approach to minimizing adverse impacts of business decisions and operations on the lives of workers, communities, and other stakeholders.

As a responsible palm oil producer, you should...

- Understand not only what the labor standards and requirements are but under what conditions and circumstances your mill or plantation operates; and
- Have full visibility into all key business processes and management practices that might hinder you from meeting labor standards.



3. Recognizing Core Violations, Risk Sources, and Root Causes

What does labor risk management entail?

Understanding worker vulnerability

A key aspect of labor risk-management is understanding who among your workers are most vulnerable to abuse and exploitation, and what conditions heighten their vulnerability. Understanding the individual and collective quality or characteristics of workers that expose them to the possibility of being harmed or adversely affected by your business decisions or actions helps you in assessing which of the risks in your operations should be prioritized.

Your workers' vulnerability level corresponds to the risks your company faces of being cited for core labor violations. The higher the workers' vulnerability to abuses are, the higher are your risks of violating core labor standards, or the "zero tolerance" criteria, of your buyers.

Table 1 – Some Risk Sources of Child Labor in Palm Oil Production in Indonesia

Remoteness and isolation of plantations: Children living in remote, rural communities in and around palm oil plantations often have limited access to basic services such as education and healthcare.

Poverty levels: Child labor in the palm oil sector is primarily driven by poverty and lack of educational opportunities, conditions wherein children are compelled to work to help parents to earn sufficient income. Some workers suggested that piece-rate wage systems and production quotas also contribute to the risk of child labor, particularly in instances where quotas are too high to be met by any one worker.

Enforcement of laws: In Indonesia, as in other countries, there is limited oversight of the plantation sector by labor authorities due to limited enforcement capacity and the remote location and vast sizes of many plantations.

Low birth registration: Many children in Indonesia were not registered at birth, especially in rural areas. Children without documentation are less likely to have access to basic services, rendering them at a higher risk of child labor and trafficking.

Inadequate wages: Palm oil workers are usually paid the legal minimum wage, which in principle should be enough to cover the basic needs of an average-sized family, according to the International Labour Organization (ILO). However, in reality, the minimum wages set by the country's laws barely pay for the family's living expenses. NGOs have called out big palm oil companies, saying that many palm oil companies deny or are not aware that low wages, restrictive targets, and penalties lead parents to bring their children to work, often "shifting the responsibility onto parents."¹⁸

Piece-rate compensation and production quotas: Palm oil workers, particularly harvesters, are typically paid by tasks done or tons, or number, of fresh fruit bunches harvested. However, during low-yield season, they often do not meet production quotas, pushing them to work long hours and to get help from their spouses and sometimes their children.¹⁹

Workers on Perpetual Contract or Temporary Status: Typically, employment status determines workers' wages and access to benefits. In Indonesia, regular workers who are paid at least the legal minimum wages are covered by social insurance and receive other benefits (e.g. a bag of rice every month). Contract workers, meanwhile, are hired to work in plantations on a limited period of time, usually up to two years/depending on the country's labor laws. However, many contract workers are on back-to-back contracts and are never promoted to regular status.

¹⁸ <https://www.amnesty.org/en/documents/asa21/5243/2016/en/>

¹⁹ <https://www.unicef.org/indonesia/media/1876/file/Palm%20oil%20and%20children%20in%20Indonesia.pdf>

3. Recognizing Core Violations, Risk Sources, and Root Causes

What does labor risk management entail? (continued)

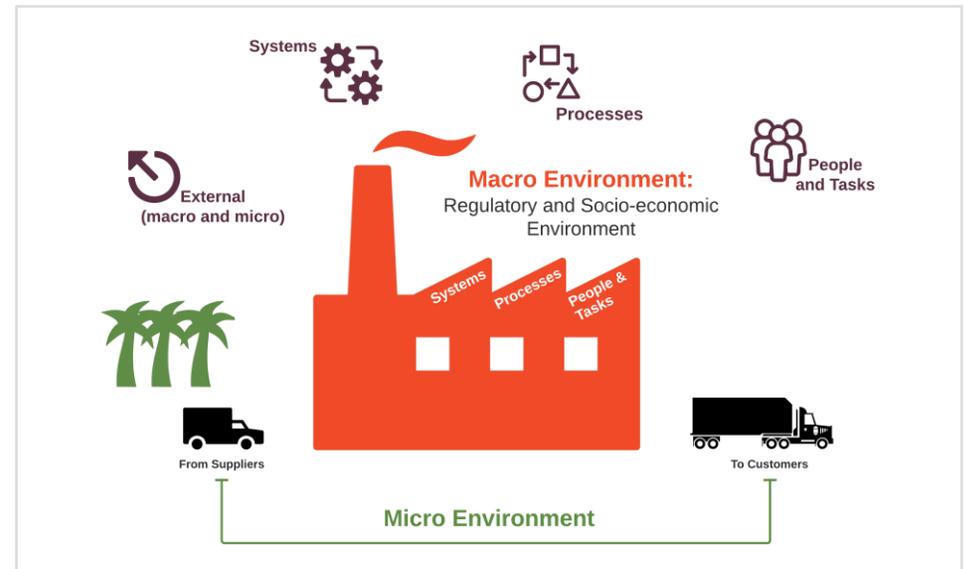
In general, palm oil operations are at higher risk of being cited for core labor violations if they operate in areas wherein:

- Laws do not provide enough protection for vulnerable workers, especially migrant workers, women, and children, or, where there are laws, when these are not enforced.
- There are no or not enough multi-stakeholder action on the palm oil industry in the community, region, or country.
- Workers come from poverty-stricken communities.
- There are unregulated contractors, intermediaries, and third parties involved in the recruitment and hiring of workers.
- There are severe or high rates of worker shortages.

Below are some common management practices and production processes in palm oil operations that are also known risk sources:

1. Outsourcing recruitment and hiring of workers to unsupervised or unregulated contractors
2. Lack of formal recruitment procedures
3. Over-reliance on temporary, subcontracted, or casual labor
4. Payment systems that are not based on reasonable production targets and decent living wage benchmarks
5. Sourcing and procurement of FFBs and raw materials from extended and independent suppliers (See next Chapter for tool on **Managing Extended Suppliers**)

The macro or external risk factors associated with the palm oil sector, combined with internal risk factors arising from unchecked business practices, make the sector one of the most hazardous workplaces for some of the most vulnerable workers.



Here are some steps you can take to determine what controls and protections need to be in place in your operations to ensure labor risks are mitigated or eliminated:

- Map out the demographic profile of your workers, know where they came from and under what conditions they were recruited and hired.
- Identify work practices, production processes, employment arrangements, and other working and living conditions in your own operations which may exacerbate worker vulnerabilities.
- Determine mandatory and company-provided worker protections and benefits available in your operations, and categorize workers according to their ability to access these protections and benefits.

As an employer or buyer of raw materials from smaller farms and estates, you are in a good position to manage these risks and ensure that workers do not end up in exploitative situations.

3. Recognizing Core Violations, Risk Sources, and Root Causes

Mapping out business processes, engaging stakeholders

As mentioned, **risk-management entails understanding how your business processes and practices heighten workers' vulnerability to abuse and poor working conditions.** It also requires knowing the actors and stakeholders involved in or are affected by your operations as well as gathering information, insights, and opinions from various stakeholders and other important sources of information.

In other words, **risk-management involves identifying all the possible sources of risks – internal and external to your operations – and then assessing them for their impact on your ability to meet your objectives, in order to devise the right mechanisms to control, mitigate, or eliminate these risks.**

Risk-management forces you to look to the future, see the big picture and connect the dots between past and current practices, and anticipate potential impact on your social responsibility goals. It involves a good amount of data gathering from multiple respondents and stakeholders, and diverse sources of information, and making significant investments in time and resources.

Some tips:

- **Engage your workers, suppliers, service providers, and stakeholders both in and outside your business.** Functional managers, staff, workers, contractors, suppliers, and other stakeholders are your partners in identifying and developing strategies to address labor risks.
- **Invest time and resources.** As risk management is a large undertaking, there must be commitment from management to invest time, money, and human resources. You need good information from various sources to be able to identify potential problems and the appropriate solutions. Everyone in your company has a role to play, from identifying risks to coming up with the appropriate action plan to mitigate or address labor risks.



3. Recognizing Core Violations, Risk Sources, and Root Causes

Tool: Process-Mapping

You need to understand your operations and the context in which your business operates — the market conditions, socio-political and natural environment, and other factors — in order to take practical, purposive, and meaningful actions.

- 1 Map out business operations, production systems, and HR processes – recruitment, compensation and benefits administration, discipline, production system, purchasing, etc.
- 2 Identify where labor issues might occur and assess whether the risk pertains to child labor, forced labor, or other core labor violations in each process, if possible.
- 3 Rate (low, medium, high) the likelihood and rate impact (e.g. number of workers affected) of the risk identified.
- 4 Analyze factors outside your business that may be contributing to the risk.
- 5 Identify possible causes and analyze relationships. Which factors are directly causing the problem, which ones are indirectly contributing to it? Such analyses will help you prioritize actions.



Data Gathering Tip: The key to getting good information is talking to diverse and multiple sources and using different data gathering methods. Hold interviews, focus group discussions, and workshops with your workers and managers, as well as external stakeholders. Open communication channels, invite feedback and suggestions, and engage stakeholders in dialogues and conversations.

3. Recognizing Core Violations, Risk Sources, and Root Causes

Tool: SAQ on Gathering Data from your Business and Practices

The following questions help you in gathering information about your own policies and practices that impact on workers the most.

1. Under what arrangements/conditions do you employ most workers? (E.g. seasonal, regular)
2. Which jobs in the plantation or mill are outsourced?
3. Are the skills and job-fitness requirements well-defined for all job types?
4. Where do most of your workers come from?
5. How are workers recruited?
6. What is your/your own staff's involvement in the recruitment and hiring of workers?
7. What recruitment costs do you cover?
8. On what basis do you compensate workers?
9. Which workers are paid on piece-rate or time-based?
10. What are your requirements on productivity, quality, and efficiency?
11. How are supervisors, *mandors*, group-leaders, and workers informed of productivity, quality, and efficiency requirements?
12. What are your policies and procedures specific to protecting workers' rights?
13. Are women workers entitled to the same pay and benefits provided to other workers?
14. What are your processes to receive and address workers' grievances?
15. Are workers consulted or given a say on work-related decisions?

Starting with recruitment, it is in your interest to understand what your processes are that pertain to workers, and whether any of these practices clearly violate any labor standards or create/lead to risks of violation. You should also ask yourself whether the procedures you have in place are sufficient to address the risks you have identified.



3. Recognizing Core Violations, Risk Sources, and Root Causes

Tool: SAQ on Sourcing Practices and Supplier Relationships

The following questions help you in gathering information about your own business relationships, sourcing practices, and other actions that can be potential risk sources.

1. Do human-rights risks figure in your sourcing decisions along with price, quality, and logistics?
2. Is business with your suppliers/service providers for the long or short term?
3. Is price a priority in selecting suppliers/service providers?
4. What are your requirements on price, quality, and lead times?
5. Have you assessed your suppliers' overall ability to meet core labor standards?
6. Are you aware of the policies your suppliers have on recruitment, wages, and treatment of workers?
7. What is the employment arrangement of your suppliers with their workers?
8. How has your company addressed labor violations of contractors?
9. Under what conditions do you terminate business with suppliers?
10. Is suspension or termination of business a consequence for contractors who fail to address labor issues?

Assessing your relationship with your suppliers helps you plan to mitigate a number of labor risks that may be present in your suppliers' operations, and which your relationship with them are driving. The above questions can help you analyze the impact of your purchasing practices on your suppliers and their workers.



3. Recognizing Core Violations, Risk Sources, and Root Causes

Root-Cause Analysis

Now that you understand what constitute core labor violations, and the concepts of risk sources and risk-management, this module will take you through the process of identifying, understanding, and analyzing the root causes of core labor violations. Root Cause Analysis (RCA) is an important step towards developing the appropriate corrective actions and remediation of labor issues, and improving your systems to ensure decent working conditions and to prevent recurrence of labor violations.

Apart from conducting root-cause analysis (RCA) and basic RCA methodologies, Stakeholder Consultations and Labor Audits are also effective approaches to investigating labor issues.

Core labor violations are usually complex and multi-faceted, requiring a holistic approach and longer time to solve. Most labor issues identified in audits are typically outward signs or symptoms of problematic or inadequate company structures, policies, and procedures. So, if down the line you built systems and invested in building the capacity of your company to address problems more effectively, you may want to go back to the report of the first labor audit you did to see how far you have gone. Have those problems come back? Are we seeing the same working conditions that were there before any interventions?

There are many pathways to arriving at a diagnosis of issues' root causes and risk sources. It will depend on your needs and the kind and level of risks associated with your operations and how your business operates



3. Recognizing Core Violations, Risk Sources, and Root Causes

Tool: 5 Whys as a Tool to Analyze Root Cause

One commonly used root-cause analysis technique is the **5 Whys**. As the name suggests, this type of RCA involves asking “Why?” five times in relation to a specific problem.

Here is an example for a child labor case: “There are children working in the oil palm fields. They go with their parents in the fields to pick loose fruits.”

Why?

They are helping their parents.

Why?

Parents have very high production targets because there are fewer workers in the field.

Why?

Some harvesters suddenly left.

Why?

Harvesters have not been earning as much lately and are finding the work requirements too difficult to meet.

Why?

Production targets are high and there are new fines for unripe fruit bunches harvested. The mill has been complaining about unripe fruit bunches in the pile.

You can go on asking more *whys*, but those aspects of the issue which are directly actionable by you will emerge, and you will find that these root causes of issues can be controlled and you can plan solutions targeting them.

As you ask more *whys*, it may be that some of the causes are beyond your control or no longer reasonably actionable by your company alone. This is the time where you may join an association and/or undertake a stakeholder engagement plan, where you pool your minds and resources with your peers to come up with more sustainable solutions.

Other root-cause analysis tools you can check out are the *Fishbone diagram*, *Pareto Principle*, etc.



3. Recognizing Core Violations, Risk Sources, and Root Causes

Tool: Stakeholder Engagement as RCA Methodology

Consulting and holding dialogue with different stakeholders is another key tool you can use not only in understanding the impact of your operations and business activities on workers' rights and welfare but also in getting a wider, bigger-picture view of the labor issues in the area where you operate, or even in the larger sector that your operations belong to.

Stakeholder Engagement is the practice of influencing a variety of outcomes through consultation, communication, negotiation, compromise, and relationship building.²⁰

Who are stakeholders?

In the general sense, stakeholders are persons or groups with an interest or stake in a particular project, program, or business because they are affected, in a way, by its outcomes.²¹

Some Benefits of stakeholder engagement



It provides stakeholders an opportunity to voice their opinions.



It allows all interested parties to have a shared and clearer vision and outcomes



It allows for solutions to be built on diverse perspectives and backgrounds, expertise and know-how



It leads to relationship and consensus-building



It can minimize conflict and strengthen internal management structures

Reference: <https://www.crowe.com/ie/insights/the-importance-of-stakeholder-engagement>

20, 21 <https://www.apm.org.uk/resources/find-a-resource/stakeholder-engagement/>

3. Recognizing Core Violations, Risk Sources, and Root Causes

Identifying stakeholders

Stakeholder engagement can be a long-term process for most organizations because of the relationships that need to be developed and nurtured. Understanding who your stakeholders are should be a well-thought out process that involves understanding their needs and interests against your own, and mapping out the actors who are critical in ensuring that you are meeting both business and social responsibility objectives.

Workers

Continuing dialogue or communication with your workers, in contrast to one-off sessions, enables you to get to know your workers better and builds your understanding of their needs. With that knowledge, you are able to anticipate the potential problems related to worker rights that may arise. Workers can tell you the sources of their hardships at work that lead to labor violations. They, more than any other stakeholder groups, hold the key to questions to finding effective ways to address the issues.

Apart from being a tool to identify risks, regularly consulting with workers establishes trust and builds support on your efforts to improve workers' welfare and working conditions in your plantations.

Local community, schools, civil society organizations

Engaging with the local community – including the school community and civil society organizations present in the locale – is an important strategy to understand the contributing factors and root causes to labor violations that may be happening in your area of operations. You may find the role that poverty, lack of social services, and poor access to schools play in the risks your business faces, but these can only be verbalized and explained with greater detail by the stakeholders that you allow to join you through discussions, where they may provide strategic support in your program that prevents labor violations.

Government stakeholders

There can be a host of government programs that support poverty alleviation, access to social services, and education that you may not be aware about. Engaging with the government may be a good way to understand existing support mechanisms present in the local community you operate and can help you create a better experience for your workers. It is also helpful to be working side by side with the government so that you are aligned, or at least aware, of their long-term goals and programs that they are planning to establish in your community of operations.

Suppliers and contractors

Leverage your relationship with your suppliers, recruitment agencies, service providers, and contractors to shed light on the vulnerabilities of workers and children in your mills or plantations to labor issues arising from either the nature of your business relationship with them or their business practices independent of yours.

Customers and other industry players

You may also join an organization or platform where all of the above-mentioned stakeholders are members. The advantage of participating in a multi-stakeholder initiative is that establishing contacts and having dialogue with the groups are already built into the structure.

3. Recognizing Core Violations, Risk Sources, and Root Causes

Understanding the relevance and contribution of your stakeholders

Once you have identified your stakeholders, it may be useful to understand their contribution, role, and relevance in your operations.

In order to understand the relevance and contribution of your stakeholders, you may create a set of criteria to help you define their importance to your social responsibility objectives, and in helping you address labor issues and concerns:

Experience: Does the stakeholder have information or experience on the issue that we are currently trying to face?

Legitimacy: Are they an unavoidable and legitimate figure/influencer in the community?

Willingness: Are they willing to engage?

Influence/relevance: How much influence/relevance does the stakeholder have? Who are they currently influencing?

Necessity: Are they necessary for improvement of the current conditions?

Conversations with your key stakeholders help in understanding the adverse impacts to workers' labor rights. Here are some questions that can guide you in your stakeholder consultations:

What are the prevalent, serious, and emerging issues that palm oil plantation workers face?

In what ways do our operations and that of the industry pose harm to workers or restrict their basic freedoms?

Beyond a palm oil supplier's operations, what are the larger forces that make these workers vulnerable to labor issues such as trafficking?

What are the relevant laws we need to know?

How can we mitigate the potential negative impact of our operations to workers?

Which initiatives or programs should we join or support that have a strategic impact to eliminating the drivers of labor issues in our plantations?

Reference:
<https://youmatter.world/en/definition/stakeholder-engagement-meaning-definition-and-strategies/>

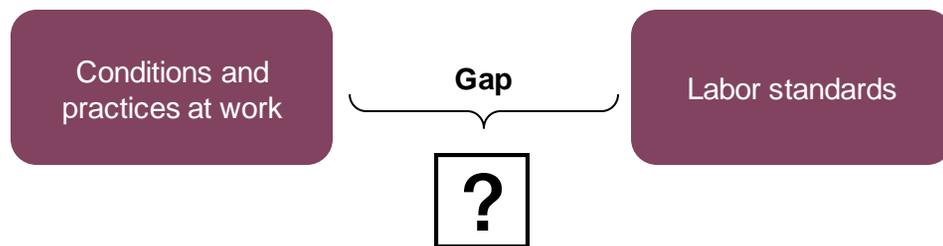
3. Recognizing Core Violations, Risk Sources, and Root Causes

Tool: Labor Audits/Assessment and Root-Cause Analysis

Whether you conduct the labor audit internally or commission a third-party auditor, it is important to understand the value of labor audits and how you can maximize results to address labor issues and improve working conditions. You can take advantage of the root-cause analysis and evidence-based processes that are part of good labor audits to help you come up with the right steps in preventing the same issues from happening again in the future – a key feature of good *Corrective Action and Remediation Plans*.

As a socially responsible company, your first order of business is addressing the question: *Am I in violation of workers' rights?* One effective way of answering this question is through a worksite inspection or a labor audit. Also called labor inspection, worksite audit, or social audit, a labor audit is a method of systematically assessing a company's conditions and practices against standards related to workers' rights, safety, and welfare. The scope of a labor audit covers all work sites and living quarters. Many labor audits also cover recruitment and hiring conditions, going as far as the workers' countries of origin.

The standards used in labor audits are typically based on legal requirements and customer requirements, as well as your own policies and commitments. Labor violations or non-conformances are those policies, procedures, and practices that do not meet these standards, and thus violate workers' rights or harm workers in a certain way.



You may already have been subjected to your buyer's audits and have used these as sources of information for understanding labor violations. It is always good to complement a third-party labor audit with your own investigation or deep dive into the issues found by these audits.

Here are some steps you can take to complement social audits and get more details on the WHYs of an issue identified in these audits:

- Gather additional information from your worker grievance channels.
- Conduct an internal assessment in a way that enables your team to be open to hearing hard, harsh facts about how you do your business, especially how they harm your workers. You may need to shift your perspective in looking at problems, especially those concerning your workers and your staff's practices.
- As an auditor of your own operations, you need to look at two sets of information: (1) actual conditions or practices at work; and (2) standards or requirements your company is expected to fulfill as part of its obligation to a customer or the government's labor department. Your role as internal auditor is to understand whether a gap exists between the practice and the standards/expectations.



3. Recognizing Core Violations, Risk Sources, and Root Causes

A minimum requirement: Workers as primary source of information

Labor audits include reviewing documents and records, talking to managers, supervisors, and staff who can give critical information, and most importantly talking to the ones impacted by your business activities: *the workers*.

Worker interviews are an important part of the social audit process. It can be done individually or by groups, and should include a wide cross-section of workers, including migrant workers and workers from different shifts, production lines, occupational groups (e.g. including security or cleaning staff), and other sections of the workplace.²² To learn more about social audits, click here to access [Verité's Help Wanted Toolkit](https://helpwanted.verite.org).

Some Tips:

- Prepare an interview or discussion guide. The guide should contain the must-ask questions. But during your interviews with workers and your staff, be flexible. If there is something unclear or the response is leading to an issue, follow up with more questions.
- Follow leads, be inquisitive, get facts and vital pieces of information, and piece them together. Don't be afraid to uncover new problems in the work site.
- Gather and record the basic details (the where, how, when, who, and how) because you may need to refer back to those details when you do this assessment again to see how things have improved.
- Be mindful of non-verbal cues. If workers appear to be uncomfortable responding to your questions or are giving clipped answers, this may be due to any of the following:
 - The worker does not feel safe answering your questions.
 - They are preoccupied with thoughts of work and personal issues.
 - The worker does not comprehend your questions.
 - They feel physical discomfort, e.g. they are hungry or sick, or it's too hot in the room.



²² <https://helpwanted.verite.org/node/702/lightbox2>

3. Recognizing Core Violations, Risk Sources, and Root Causes

Tool: Some Tips on Conducting or Commissioning Second-Party Labor Audits

There are many pathways to understanding the working conditions in your operations: you can do an internal assessment of your worksites, or have an external party do this for you. Before engaging an external party, make sure you are clear on what you want to get out of the audit. You may have to assemble a team to draw up a plan defining the scope, minimum requirements, and report you would like to see. The question of scope – the depth and breadth of the labor audit – will depend on your objectives. You will have to agree with the assessors or set the terms on how deep into your operations the audit will delve.



Questions to consider in conducting or commissioning a labor audit:

- Is it the first time that your company is undergoing a labor assessment?
- What will you use the labor audit results for? Is it to establish a baseline understanding of the labor situation in your plantations and other worksites for a program to improve workers' welfare and working conditions? Or do you want to prioritize taking action on serious labor violations?
- Does the company only need the audit organization to submit a report that gives a high-level view of labor violations, or do you need them to do a root-cause analysis and in-depth investigation as well, where assessment goes deep into the company's management structure, policies, and procedures?
- Which job sites will the audit cover – all or just a sample?
- Which set of standards will be referenced to evaluate the labor practices?
- Will the audit only evaluate the presence of labor violations (e.g. is there child labor, forced labor, discrimination against women, etc.) or will it also assess the adequacy of the infrastructure, systems, and operational measures?



If the objective of the labor audit is to inform a plan to implement a system-wide change to practices, the more complex the audit scope and the audit methodology will be, and the longer it will take the audit team to conduct the inspections.

If the labor audit is intended to be recurring or a regular process, the audit may only need to cover the period that has lapsed since the last audit. On the other hand, if it is a one-off assessment, you may have to consider the question on how far back the audit will cover.

For instance, when assessing indicators of debt bondage and trafficking, even if the company has just recently adopted a zero-fee policy on recruitment, and incoming migrant workers no longer pay for the job at the mill/plantation, the audit would still have to determine the recruitment fees paid by workers who were hired before the zero-fee policy was implemented, as these workers may be currently in situations of debt bondage.

Whatever process of identifying, understanding, and analyzing the root causes of core labor violations you decide to apply, always remember that Root Cause Analysis (RCA) is an important step towards making the necessary changes in your operations and ways of working, and improving your systems to ensure decent working conditions. Click on the next set of tools to learn more about developing **Corrective Action and Remediation Plans**.



1. Introduction: Addressing the labor situation in the palm oil industry
2. Understanding principles and standards of fair labor
3. Recognizing core violations, risk sources, and root causes

4. Addressing and remediating core labor violations

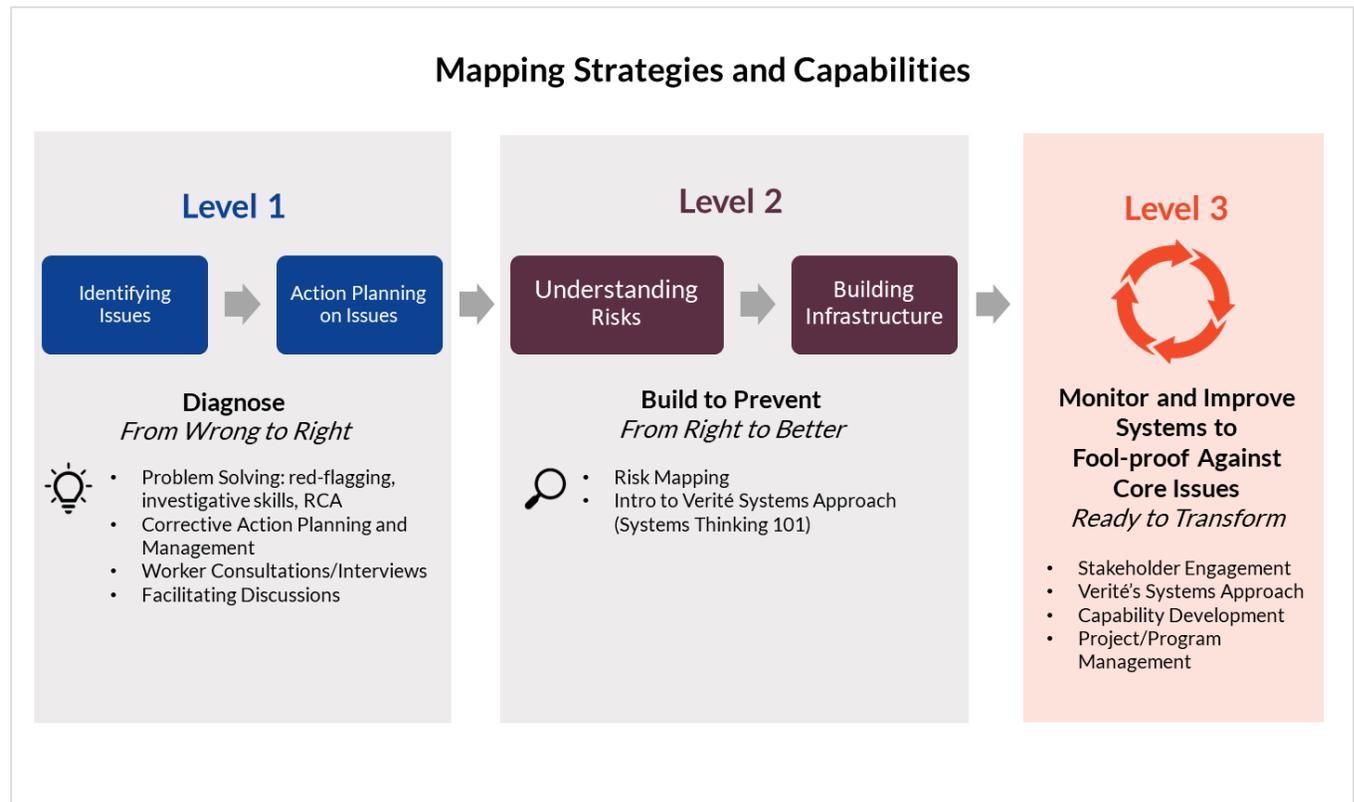
5. Building Management Structures and Strengthening Systems

4. Addressing and Remediating Core Labor Violations

This chapter introduces you to the basic principles of remediation and corrective action, and some tools and guides in developing and implementing corrective action plans (CAP) to help you track the effectiveness of your response to core labor violations.

The previous chapters guided you in understanding the various labor standards and requirements that palm oil producers are expected to comply with, and how to assess your own operations against those expectations. You were also introduced to the concept of core labor violations, worker vulnerability, and labor risks. You were provided tools to help you understand the different risk sources: conditions, processes, and actions associated with your operations that are impacting adversely on workers, hence, giving rise to issues.

This set of tools has two main parts: (I) **Introduction to Remedy**, and (II) **Frameworks for Corrective Actions and Remediation**. These tools are designed to give you a keener sense of how core labor violations and other workplace issues can be addressed, and how to remediate any harm done to workers and address gaps in your systems and processes in order to prevent issues from recurring.



4. Addressing and Remediating Core Labor Violations

Introduction to Remedy

Businesses such as yours no matter the scale or size have to account for your operations' impacts on human rights. According to UN's Guiding Principles on Business and Human Rights:

“ Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved...”

The responsibility to respect human rights requires that business enterprises:

- (a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;
- (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.”

This section is designed to help you understand how to address adverse business impacts, using the concept of Remedy. According to simple dictionary definitions, remedy is a cure, a treatment, or an action taken to right a wrong. In the context of labor standards and labor rights, and your role and obligation as a business owner, it pertains to the legal and valid means to recover a right or to obtain redress for harm done to workers.

Remediation, in the context of labor rights compliance and social responsibility, is the process taken to repair the harm done to workers by a business practice or activity, thus it varies according to the kind of violation that took place. Remediation can come in the form of monetary compensation in the case of workers who paid excessive recruitment fees or are owed wages; reinstatement in the case of a worker who is unfairly dismissed; or removal from hazardous conditions and providing free education for underage workers.

The right remedy...

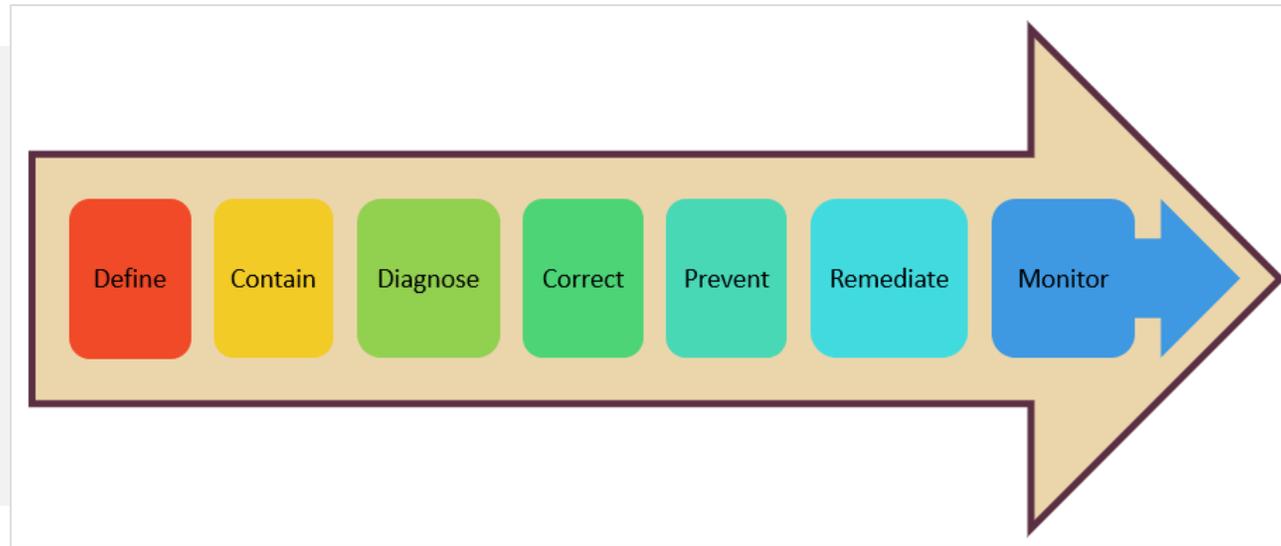
- Specifically addresses the harm done or the loss that ensued from a management practice or action.
- Is based on a solid understanding of the case or labor violation, supported by an independent and impartial investigation.
- Is based on the input of workers, as vital source of information who, aside from being the subject of the violation, can also weigh in on the best course of action to remedy the situation.

Some examples of remedies implemented by palm oil companies for core labor violations identified in assessments

Core Labor Violation	Remedy
Migrant workers took recruitment-related loans to pay the fees charged to them by recruiters, and it takes workers 12-20 months to repay the loan, through salary deduction, making it difficult for them to leave the job without facing penalty	<ul style="list-style-type: none">• Refund workers the cost of recruitment• Cease the practice of salary deductions for loan repayment Standard: Ethical recruitment - No recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers;
Workers aged 13 to 15 are found to be working in the plantation as harvesters	<ul style="list-style-type: none">• Remove the child workers from hazardous locations, and put them in a safe place• Contact parents or guardians, and local labor and social welfare authorities, to arrange for medical examination and safe accommodations• Compensate child's family and provide access to appropriate school/learning/tutorial facilities until such time as child workers are of legal employment age

4. Addressing and Remediating Core Labor Violations

Framework for Corrective Actions and Remediation



We all know that core labor violations are complex and multi-faceted, requiring a holistic approach and more time and investment to address. Taking corrective actions and appropriate remediation is the gold standard for addressing core labor violations. In order to do this effectively, you will need to go through a process that entails several key steps.

The first step is to define the problem - understand what the issue is precisely, who is affected, what exactly happened. Some of these issues, as discussed earlier, can be complex, and require more resources to fully diagnose and remediate. The next immediate step is to contain the problematic situation, ensure that the immediate cause of harm is removed, and workers are kept safe, for the time being. Following this, you need to do the proper diagnosis: What really is the problem? What standard was violated? What rights were encroached upon? What caused the problem? Only when these steps have been taken can you identify the right corrective and preventive measures, and the appropriate remediation. The final component is monitoring for effectiveness of the actions taken, and making the necessary adjustments in your policies and procedures, and in your general ways of working.

The succeeding sections describe this process in more detail.

4. Addressing and Remediating Core Labor Violations

What is a Corrective Action Plan?

A **Corrective Action (and Remediation) Plan**, also known as Improvement Plan, is an enumeration of inter-related activities a company usually undertakes to address a labor violation. The Corrective Action Plan as a document also demonstrates commitment to ensure redress and remedy.

As a production manager or plantation and mill owner, you are no stranger to action plans. Every day in your work shop or estate, you troubleshoot production problems and formulate action plans. Addressing labor issues is no different. You need to come up with a plan that is framed by the problem or issue at hand and the factors that may have caused and contributed to it.

The formats vary depending on the company and the objectives. It could be as detailed as to have as many as ten columns, or as stringent as to adhere to a minimum of information requirements. However, core concepts are the same across the board. The CAP is basically comprised of two sections:

- The first section refers to the labor violation itself, including the standard that the issue is in violation of; details of the labor violation that inform the action plan, including the root-cause/s; and workers affected, the scale and severity of the violation.
- The second section has to do with what needs to get done and how to get it done (who is responsible to get it done, the target date of completion, etc.).

Typically, the CAP (or CARP) also becomes the tracker to record status of the corrective actions. New columns may be added over the CAP period to represent the regular check-ins on the status of the corrective action.

The corrective action should be regularly monitored not only to determine if the corrective action has been carried out but also to find out if the issue has recurred; and if any issue did recur, the team has to account for the recurrence to make the adjustments accordingly.

The CARP could be as straightforward and simple as below:



Standard	Statement about the Violation	Root Causes	Objective	KPI	Activities	Target Date	Person Responsible

4. Addressing and Remediating Core Labor Violations

Some Key Steps in Developing Corrective Action and Remediation Plans

Step 1 Define the Labor Violation, and contain the problem in the Interim

Taking the time to understand the scale and severity of issues is important to clarify which aspects of the labor issues to focus on and prioritize, how much resources to mobilize, and when to take action on what.

As a rule, however, where there is a grave or immediate harm to workers, you have to give it your full, immediate attention, contain the problematic situation, ensure that the immediate cause of harm is removed, and workers are kept safe.

Example:

Core violation	Immediate action
Children in plantations and minors handling chemicals and doing physically demanding jobs	Stop the practice immediately; remove the children from the specific work site or from the plantation itself, and have the workers medically checked for any harm that needs to be addressed immediately.
Physical violence and harassment	Remove perpetrator; protect workers from retaliation; have workers physically and medically examined



4. Addressing and Remediating Core Labor Violations

Some Key Steps in Developing Corrective Action and Remediation Plans (continued)

Step 2 Diagnose the situation well

However, beyond defining the immediate action, some issues require more in-depth analysis, and strategic planning. This facilitates the next step – conducting root-cause analysis, worker consultations, and stakeholder engagement – which leads you to undertake a bigger project, one that requires planning, oversight, and accountability of management and coordination across departments and even outside your company. These activities require longer timelines and more collaboration as they take you to the issues' root causes, backgrounds, and contexts.

Properly diagnosing the situation, and understanding the root-causes and risk factors both in your operations and business relationships clear the path for you to adopt a more programmatic approach.

Responding to a labor violation detected in your worksite:

- a. Check if you have enough information about the issue. Reflect on how you are going to explain it to someone, making sure the listener understands why it is an issue. Try practicing stating a problem. In explaining the labor violation, were you able to describe:
 - The labor standard or law you are violating?
 - Which of your workers are being harmed or affected? How many?
 - Which operations or where in your business is the problem happening?
 - If the issue is in the past or still ongoing? How many times in a year does it occur? Which times of the year?
 - What are other circumstances in which the problem occurs?
- b. Check if you adequately understand a labor violation and are ready to take action on it:
 - Does the issue statement readily point to a corrective action or a solution?
 - Do you know who the intervention is for?
 - Can you tell which needs action now and which can be acted on later?
- c. If needed, conduct additional investigation and hold more discussions with workers and managers to get more details and find out root-causes. It is best to organize discussions or interviews with workers (see the Help Wanted Toolkit here). If the situation warrants it, especially if it has to do with a supervisor's relationship, have someone facilitate the discussions; if not, do them with a third party without any management around.

Let the discussions with workers be guided by the following objectives:

- Understand to whom, where, and when it is happening.
- Find out the scale and severity of the issue.
- Find the root cause or circumstances where it usually happens

4. Addressing and Remediating Core Labor Violations

Some Key Steps in Developing Corrective Action and Remediation Plans (continued)

Step 2 Diagnose the situation well (continued)

An indication that an interview is going well is when the worker is talking more than you do, volunteering information that you need with the least prodding from you. REMEMBER: A well-defined problem statement...

- Describes the severity of the labor violation (e.g. worst form of child labor or children doing dangerous work);
- Explains the ways in which the incident, practice, or policy in question is not meeting the standard (basically, why it is an issue);
- Describes which and how many workers are affected; and
- Clarifies the root-causes.

An example of a statement on a labor violation:

Issue: Debt bondage

Migrant workers in one of the estates are in debt to their recruitment agency in their home country.

“Bangladeshi workers in Estate X are paying off debts they incurred in Bangladesh through wage deductions. Eighty of the 110 Bangladeshi workers in the estate, who are all managed by labor contractor Golden Seed, are working off a debt they owe to their labor contractor for their job at the Plantation X. Every month, these workers end up taking home only less than half month’s earnings after their labor contractor deducts 300 to 600 ringgit from their wages. Workers said they do not know exactly what fees they are paying for, although travel to Malaysia and their work documents were arranged by their recruitment agency and they have not paid for those. The Bangladeshi recruitment agency had said that the fees would be loaned to the workers, payable through wage deductions. According to workers, deductions vary from month to month and they would be told that they owe them for other things as well, like repairs of the living quarters and food.”

Reflection exercise: *Is the problem statement clear and detailed enough? In what ways is it inadequate?*

- It says who the affected workers are: Bangladeshis, who are hired by the labor contractor Golden Seed.
- Does it say something about severity and prevalence? Yes. Bangladeshis make up practically the whole workforce, so it tells you that the problem is systemic. It is also severe because the debt is large and workers do not know when they will pay off the loan since
- Does it describe the ways in which the situation does not meet the standard? If debt bondage is defined as when worker is working off a loan on terms that are not clear and exploitative to the worker. In the case given, the Bangladeshi workers
- However, there is not much about the root-causes that can be gleaned from the problem statement.

The definition on debt bondage states that

A worker is in debt bondage if he or she has taken some kind of advance money or owes somebody money as fee for some services rendered, usually recruitment, which the worker pays off through his or her labor, usually through unclear wage deductions which leave little for the worker to take home.

In sum,

- A solution or remediation will not be clear unless you have clarified what the non-compliance is.
- Defining the non-compliance will frame and shape your remediation or next steps to remedy or correct the non-compliance.

4. Addressing and Remediating Core Labor Violations

Some Key Steps in Developing Corrective Action and Remediation Plans (continued)

Step 3 Conduct a Root-Cause Analysis

As you have learned in Chapter 3, a root cause analysis tells you the **WHYS** of an issue. Consider the issue on debt bondage:

Bangladeshi workers took out large loans to pay their recruiters in Bangladesh for their job in one of the plantations, owing as much as a year's worth of wages. The plantation's labor contractor, who has a prior arrangement with the Bangladeshi recruiters, deducts up to 40-70 percent of the monthly wages over an indefinite period of time.

Although the above statement clearly indicates a non-compliance, it still does not say why the workers paid, so you do not have much to go on to address the problem. Defining the labor violation prior to setting objectives and developing measures of success in addressing the issue also needs to account for the *whys* or the root-causes.

One benefit of root-cause analysis is that the deeper you dig into an issue, the wider the range and clearer the order of actions will be. Once you have defined the problem clearly, the path is clear to set objectives and performance indicators and plan needed activities to address the violation.

Step 4 Correct and frame an outcome that meets or exceeds the standard that was violated

For example: the issue identified in a labor audit was that women workers who have been working at the plantation for more than five years have not been made permanent and have not been covered by social insurance. You can then state the outcome as: "Women workers, who reach the legal minimum number of years of service in the plantation, shall be regularized or promoted to permanent status, entitling them to all legally mandated benefits, including social insurance."

In other words, the outcome corrects the situation into one that is in compliance with a law or standard and/or repairs the harm to workers. Defining the intended outcome is important because it focuses the course of action or clarifies the scope of what needs to be done.

4. Addressing and Remediating Core Labor Violations

Some Key Steps in Developing Corrective Action and Remediation Plans (continued)

Step 5 Remediate

Once corrective actions have been identified, ensure that any harm done to workers, any loss or damage by causes you have identified is repaired. As discussed, this can come in the form of monetary compensation for payment of excessive recruitment fees or wage theft; reinstatement in the case of a worker who is unfairly dismissed; or removal from hazardous conditions and providing compensation and free education for underage workers.

Step 6 Correct and frame an outcome that meets or exceeds the standard that was violated

The team responsible for the CAP has to agree on the level and kind of measures you want to see on a completed corrective action. Is it enough that the planned activities have been carried out? Or do you also assess if those activities have effectively resolved the issue in the sense that it has not recurred by the time you monitored the situation?

Below is an example:

- Over a six-month period, all women engaged in harvesting or harvesting-related work, nursery, fertilizing, and other plantation jobs who completed the legal limit on probationary period shall be made permanent. Such promotion status shall entitle the worker to the benefits of the company's regular workers.
- A worker registration and roster system that integrates the date of hire to the worker's record and flags the HR department two weeks prior shall be established.
- By the sixth month, eligible workers are enrolled in social insurance programs.

Set activities or actions that implement the intended outcome:

- Identify all women workers in Plantation Y.
- Review documents to identify women workers eligible for regularization.
- Select a service provider who can upgrade the company's existing HR system.
- Establish a standard operating procedure that records any incoming worker upon her or his date of hire and that alerts HR personnel to set in motion a process of evaluating her promotion.

4. Addressing and Remediating Core Labor Violations

SAQ: Criteria of a Good CAP

Use the following guide questions to determine if you have the appropriate plan for corrective action and remediation:

1. Do the identified activities and actions target the root cause?
2. Do the actions put a stop to the exploitative or harmful practice and also help to prevent recurrence?
3. Are the planned activities aligned with the objective?
4. Are measures of success clear and easy to monitor by people responsible for evaluating the indicators?
5. For any significant harm done to the affected workers, are we compensating appropriately and providing adequate remedy?
6. Are the actions doable?
7. Are the timelines realistic?
8. Are the right people assigned to the job?
9. Does everyone involved in the CAPplan implementation understand it the same way?
10. Does the plan answer the basic question, what needs to be done first?

You are ready to have the CAP reviewed and get management support if you say YES to the questions above.



4. Addressing and Remediating Core Labor Violations

Tool: Fair Hiring Toolkit - Taking Corrective Action

To learn more about corrective action, see the Help Wanted Toolkit here:

<http://helpwanted.verite.org/helpwanted/toolkit/suppliers/taking-corrective-action>

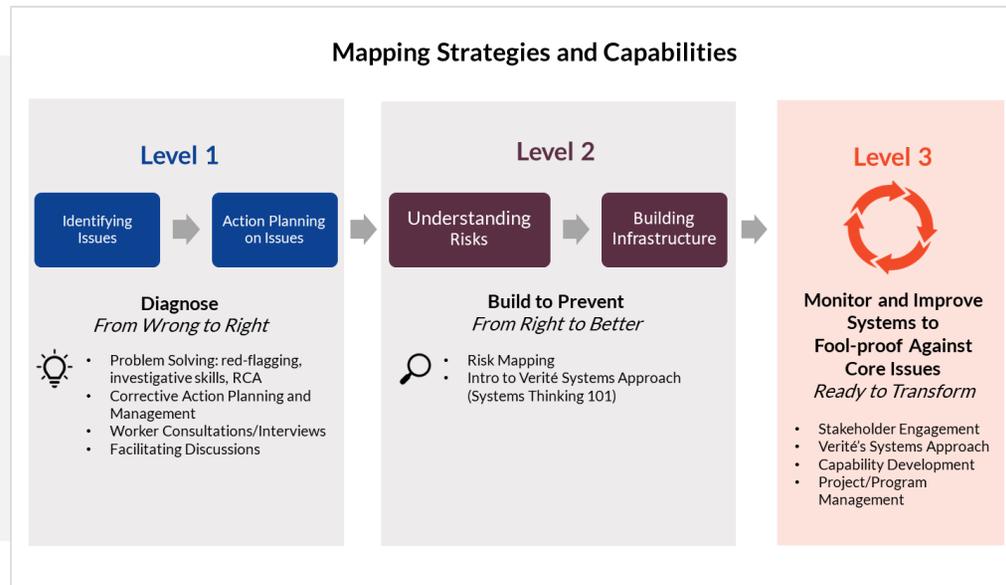




1. Introduction: Addressing the labor situation in the palm oil industry
2. Understanding principles and standards of fair labor
3. Recognizing core violations, risk sources, and root causes
4. Addressing and remediating core labor violations

5. Building Management Structures and Strengthening Systems

5. Building Management Structures and Strengthening Systems



The last set of tools orients you further on the *Verité Systems Approach* to labor standards implementation, which was introduced in Chapter 1. The tools and discussions in this chapter are designed to get you started in acquiring a “systems perspective” and in taking the first steps to making the necessary changes in your ways of working, to make sure that social responsibility is embedded in your operations and business processes.

Developing robust management systems, however, takes time, significant resources, and sustained effort. This is merely an introduction, and there are various courses and resources available to companies that are keen to learn more and benefit from the guidance of technical experts and consultants. (Click [here](#).)

The aim is to help you progress from minimum standards compliance to being on the path of continuous improvement. This means having self-correcting and mature management systems. Strengthening management systems, investing in the capacity of your company to address problems more holistically and systematically is the best way to ensure that **you are able to meet both your business objectives and social sustainability goals**.

In previous chapters you were provided materials on the various labor standards that palm oil producers are expected to comply with, and some self-assessment questionnaires (SAQs) to help you assess your own operations against these expectations. Next, you were introduced to the concept of core labor violations and some tools to understand the different risk sources: conditions, processes, and actions associated with your operations that are impacting adversely on workers. You were then familiarized with the basic principles of remediation and corrective action, and provided guidance in developing corrective action and remediation plans, and tracking the effectiveness of your response to core labor violations. Finally, tools and resources on how to contain problematic situations and ultimately remediate any harm done to workers, and address gaps in your systems and processes in order to prevent issues from recurring were also provided. In this chapter, you will find tools and tips to help you get started in building **robust management systems, as a means to sustain your social performance**.

This means that you are on your way to completing Level 2, and taking the steps to reach Level 3, as indicated in the diagram below.

5. Building Management Structures and Strengthening Systems

Systems Approach to Labor Standards Implementation

A system, according to dictionary definitions, is a set of things working together to form a whole; or a collection of components that interact with each other to perform a specific function. A system can also be a set of principles or an organized framework which guides how something should be done (e.g., the political system, or an educational system).

In your companies or operations, no matter the size, there are various systems which are made up of different components working together to make your business run smoothly, and help you meet your business objectives. An example of this is your worker recruitment, selection, and hiring system. This is made up of the recruitment policies and regulations, or even unwritten instructions, procedures or steps, resources needed, in searching for and selecting the right workers. You have specific people assigned to oversee the whole process, for the purpose of building your workforce, bringing to your mill or plantation the right workers, at the right time, to do specific jobs. In the process, however, as discussed in Chapter 3, there may be unintended outcomes or risks, and when these are not detected and managed properly, they can lead to labor standards violations and even core violations.

As previously discussed, core labor violations are especially complex and multi-faceted, requiring a holistic approach, longer timeframes, and more resources to solve. We also know that, oftentimes, the issues (findings) surfaced by audits are merely symptoms of inadequate company structures, policies, and procedures. Closing out these issues (addressing the nonconformance) without examining what in your operations or ways of working gave rise to them, and without probing what changes need to happen, may only lead to issues recurring and the same problematic working conditions being present despite your best efforts.

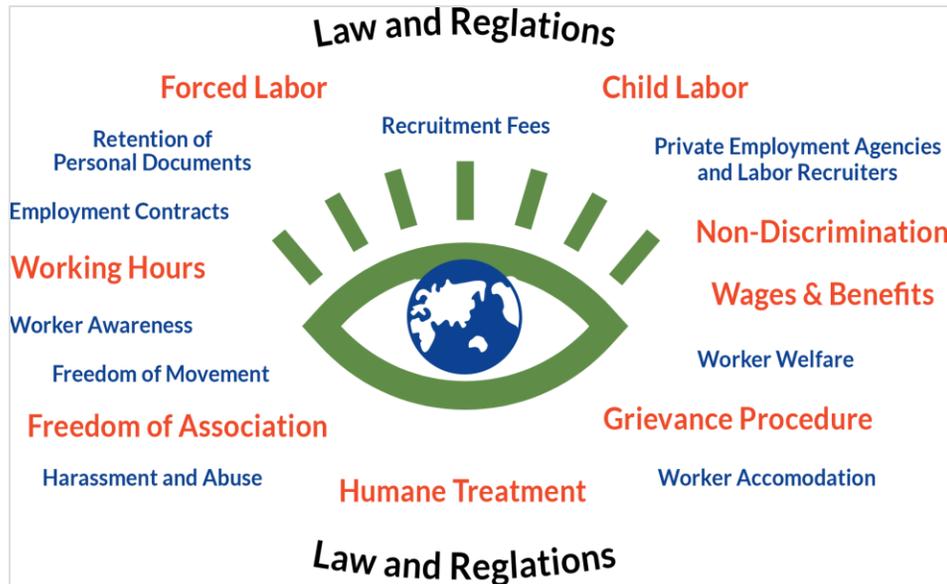
A systems approach is a way of thinking about problems and solutions —especially the very difficult, messy, and complex kind. A problem that involves people, organizations, and political institutions to address requires a higher level of analysis because it typically happens over a longer time period, crosses national boundaries, and is viewed from multiple perspectives. The systems approach allows you to navigate or make sense of interlocking factors and rich web of resources and information.

In more simple terms, it could also mean being more mindful of unintended consequences of your actions and decisions, no matter how good-intentioned they may be.



5. Building Management Structures and Strengthening Systems

Social Compliance Labor Standards



The systems approach challenges our old ways of thinking about an issue:

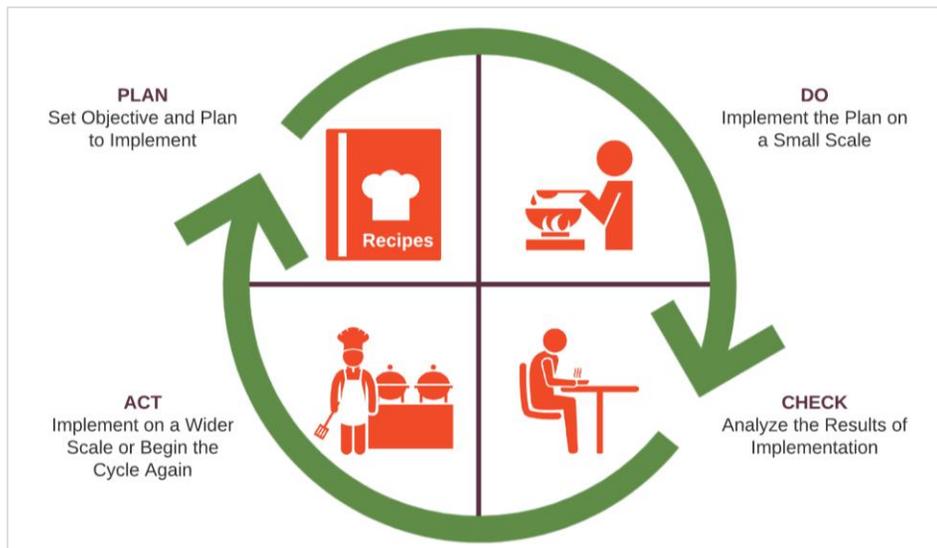
- **Isolate the cause, fix it, and the problem will go away.** Systems thinking does not see a problem as simply linear cause-and-effect, but rather views it as emerging from an interaction of different events. In short, complex issues such as human trafficking and forced labor are more than the sum of its parts.
- **A person(s) is to blame for the problem.** It is easy to blame two of your crew leaders who coercively discipline harvesters, shouting insults and giving threats to report them to authorities, and stop at giving him an official warning or terminate him. But as is often the case, and if one is to investigate the case further, putting it into context, there may be factors in the operations that are pushing these crew leaders to use intimidation and excessive disciplining tactics.
- **Only numbers, or what can be measured, matter.** In the world of business, the focus is on the results; and the company puts a premium on meeting or exceeding numerical targets. But, a social problem such as child labor requires a shift of focus to processes, which may matter more if we truly want a more lasting behavioral/cultural change.

5. Building Management Structures and Strengthening Systems

GUIDE: PDCA and The Management System Framework

Going back to the earlier example, to run your business, you need to have the right workforce at the right time. To achieve this, you typically start by identifying how many workers you need, when you need them, what kinds of skills the workers must have, and what kinds of legal requirements you need to meet bring workers to your worksite. And then, based on these, you develop a plan on how to meet your needs. Now that you have a plan, you put in the resources, people, time, funds needed to implement the plan. When the first set of workers arrive, you check whether these are the right workers you need in your worksite, that the people you tasked to do the job did the right thing. When you see that not everything you planned for happened, or that the plan itself was not good, that there was a missing element you should have taken into consideration, you make a decision to revise the plan to make sure the mistakes are avoided the next time you try to bring workers in.

Management System Framework



Using the same approach - plan, do, check, act - to meeting your business objective (getting the right workers at the right time, for the right price, legally and efficiently), you can also meet your human rights and social responsibility objectives -- e.g., ethical recruitment, no forced labor, no child labor, no discrimination -- by embedding these into the process.

1. **PLAN:** As an ethical employer, you should also aim to make sure that workers' rights are not violated in the recruitment process, that everyone involved in the recruitment process acts lawfully, that workers end up in working conditions that are fair and decent, and in accordance with their expectations.
2. **DO:** Therefore, apart from simply complying with the legal requirements and procedures, you would need to make sure that a clear recruitment policy and instructions to your staff and recruitment partners are in place (e.g., workers should be provided all information about the job terms and conditions, and should not be charged any fees), and that you are working only with agents who commit to conducting recruitment in accordance with your policies.
3. **CHECK:** In order to make sure that the recruitment process is going as planned, that the right workers are being selected, and are oriented properly, not charged fees, etc., you need to incorporate some steps to monitor the result, evaluate the performance of the staff and recruitment agents, verify that workers went through the right process.
4. **ACT:** If it looks like all of your objectives were met, then you can formalize the policies and procedures, standardize the whole process, to ensure you get the same results in the next recruitment activity. If you see from your CHECK that certain things were not followed, or that you did not get the right workers, you go back to the plan, the implementation process, and the monitoring step, and make the necessary changes.

By doing the above, it means that you are approaching social responsibility holistically, you are **making it part of your normal business operations, rather than something that you do only during an audit period, or something that is extra, or *ad hoc*, to your existing management systems.**

5. Building Management Structures and Strengthening Systems

Many palm oil producers have concerns about developing a comprehensive social compliance program.

1. It's costly
2. It's complicated
3. It's too much work
4. It requires more staff, time, resources
5. It does not bring value to the business
6. It does not increase the productivity of workers

Applying a Systems Approach can address these concerns. Using a Systems Approach means...

- Your social compliance program can be customized to your scale, size, resources, and priority needs
- You can identify your priorities and capabilities, start small, and devise a plan to keep improving
- You won't have to keep making the same mistakes, or keep seeing the same findings and labor problems
- The responsibility of meeting your company's social responsibility objective does not fall only on you, everyone is involved, the accountability is shared
- Even workers become an active part of meeting a common goal
- Customers and relevant stakeholders have a higher degree of confidence and trust in your ability to comply with their requirements

Systems Approach to Comply with Mandatory Human Rights Due Diligence

With the enactment of legislations requiring business entities to implement human right due diligence (HRDD) mechanisms, or anti modern slavery, and anti- child labor supply chain mechanisms, palm oil buyers and consumers doing business in countries where these mechanisms are mandatory are now legally compelled to demonstrate no core violations in their operations and in their supply chains.

This means that they have **to embed human rights into all aspects of business, and require their suppliers to demonstrate ability to sustain compliance.**

There has been a growing recognition that the only way to do this on a large scale and in a sustainable way is through a systems approach – supporting suppliers to build their own capabilities to monitor, address and prevent labor risks in their own operations – to make human rights and worker protection part of doing business at all levels of the supply chain.

5. Building Management Structures and Strengthening Systems

Tool: Setting up an accountability system

As a palm oil producer and supplier, these are some steps you can take to set up a system to support your customers and buyers' human rights' due diligence requirements:

1. Hold meetings or workshops to study the role that each department, group, or key staff can play in company's human rights due diligence program, mapping out not only its functions within but also across (i.e. information flows between departments and key people in the organization). Identify which parts of the organization can be levers of change (crew leaders, HR management, etc.).
2. Translate that role to a department's mandate, operational responsibility, and/or performance requirement.
3. Monitor effectiveness of roles and accountabilities in a year or two, getting input from the different departments. Adjust accountabilities where needed.

Relevant Systems Requirements in the RSPO P&C

Recognizing the need for more holistic and effective ways of addressing sustainability issues, most industry sustainability standards, including the RSPO P&C, already contain some systems requirements, in addition to compulsory practices and codes of behavior.

Below is a summary of relevant systems requirements in the RSPO P&C:

RSPO 1.2

The unit of certification commits to ethical conduct in all business operations and transactions.

- 1.2.1 A policy for ethical conduct is in place and implemented in all business operations and transactions, including recruitment and contracts.
- 1.2.2 A system is in place to monitor compliance and the implementation of the policy and overall ethical business practice

RSPO 2.1

There is compliance with all applicable local, national and ratified international laws and regulations.

- 2.1.1 The unit of certification complies with applicable legal requirements.
- 2.1.2 A documented system for ensuring legal compliance is in place. This system has a means to track changes to the law and also includes listing and evidence of legal due diligence of all contracted third parties, recruitment agencies, service providers and labour contractors.

RSPO 2.2

All contractors providing operational services and supplying labour, and Fresh Fruit Bunch (FFB) suppliers, comply with legal requirements.

- 2.2.3 All contracts, including those for FFB supply, contain clauses disallowing child, forced and trafficked labour. Where young workers are employed, the contracts include a clause for their protection.

RSPO 3.3

Operating procedures are appropriately documented, consistently implemented and monitored.

- 3.3.1 Standard Operating Procedures (SOPs) for the unit of certification are in place.
- 3.3.2 A mechanism to check consistent implementation of procedures is in place.
- 3.3.3 Records of monitoring and any actions taken are maintained and available.

5. Building Management Structures and Strengthening Systems

Tool: Setting up an accountability system (continued)

RSPO 3.5

A system for managing human resources is in place.

3.5.1 Employment procedures for recruitment, selection, hiring, promotion, retirement and termination are documented and made available to the workers and their representatives.

3.5.2 Employment procedures are implemented, and records are maintained.

RSPO 3.6

An occupational health and safety (H&S) plan is documented, effectively communicated and implemented.

3.6.1 All operations are risk assessed to identify H&S issues. Mitigation plans and procedures are documented and implemented.

3.6.2 The effectiveness of the H&S plan to address health and safety risks to people is monitored

RSPO 3.7

All staff, workers, Scheme Smallholders, outgrowers and contract workers are appropriately trained.

3.7.1 A documented programme that provides training is in place, which is accessible to all staff, workers, Scheme Smallholders and outgrowers, taking into account gender-specific needs, and which covers applicable aspects of the RSPO P&C, in a form they understand, and which includes assessments of training.

3.7.2 Records of training are maintained, where appropriate on an individual basis.



5. Building Management Structures and Strengthening Systems

Labor Standards Implementation Management System: Some tools, guides, tips to help palm oil producers get started

A well-designed Labor Standards Implementation Management System helps ensure your compliance with applicable laws, regulations, and customer requirements, and also facilitate continual improvement.

Developing effective LSI MS starts with these two aspects:

- Understanding the components of your own existing management systems, and determining if anything in these systems might be contributing to any risk that workers' rights and protections might be adversely affected
- Assessing your business processes and determining if any aspect or step in these business processes pose any kind of risk to workers, and thus risk of your company not being able to implement labor standards effectively

Once you have identified the key risk sources in your business processes, you can now start developing a plan to address and manage these risks.



5. Building Management Structures and Strengthening Systems

Tool: Sample Benchmarks to guide your Labor Standards Implementation Management System



The company has expressed to their own workers and to the local community their commitment to respecting human rights and other laws relevant to their operations.



The company's commitment to human rights and compliance with laws has been adequately communicated to their workers and to relevant stakeholders.



Commitment to human rights, ethical standards, and social responsibility is an integral part of the company's vision and purpose.



The company has assessed potential impact of their operations to human rights, results of which are taken into account in company's strategy and operations (including budgeting).



The company solicits feedback from workers on effectiveness of their policies.



The plantation owner and/or top manager gives directions and oversees implementation of human rights/social compliance policy, ensuring that the right people are empowered to do the job and that the program is properly resourced.



The company hires skilled staff or equips them with needed training to carry out operational responsibilities of the human rights' due-diligence program.

5. Building Management Structures and Strengthening Systems

Tool: Sample Questions to Assess your Labor Standards Implementation Management System

1. Who provides overall leadership and direction for social compliance?
 - Does that person have the proper mandate to do the job?
2. Are senior managers accountable for the program's mandate and objectives?
3. Does HQ/head office oversee and provide adequate guidance to field implementers?
4. Are HQs and those in the field aligned on what needs to be done?
5. What mechanisms are in place to ensure alignment and support between HQ and the field?
6. Is there someone within the social compliance team who manages external engagement (with NGOs, unions, governments, customers, other brands)?
7. What is the composition of the compliance team/staff in terms of competencies, based on experience and educational background?
8. Are there existing policies for implementing the social compliance/SR program?
 - Are they comprehensive, consistent and well-aligned?
 - Do they support the achievement of over-all social compliance goals?
9. Is there a mechanism in place to solicit questions, feedback, complaints, suggestions related to these policies and procedures? If yes, is this mechanism accessible to all relevant stakeholders?
10. What controls are in place to ensure that policy interpretation and implementation are standardized and aligned?

These are just some examples, guides, and tips to help you, as palm oil producers and suppliers contribute to the sector's sustainability, through ensuring fair and decent workplaces. By progressing from minimum standards compliance to continuous improvement, having self-correcting and mature management systems, your company is in a better position to meet both your business objectives and social sustainability goals.



The photos included in this toolkit are used solely to illustrate the locations and situations in which risk of forced or child labor is being discussed. The people shown in the photo(s) do not represent any specific person or group of people noted in the text.

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