

Social Compliance Assessments of Musim Mas' Indonesian Palm Oil Operations

Comprehensive Report

Submitted to Musim Mas Head Office

Medan, Indonesia

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I. Executive Summary

On August 9 – 20, 2021, Verité Southeast Asia (VSEA) conducted a series of assessments covering four mills and plantation units selected by Musim Mas. The engagement focused on the social performance (primarily with respect to labour) of the Musim Mas subsidiaries' palm oil production in four sites in Central Kalimantan, West Sumatera and South Sumatera. The standards and benchmarks used as reference in the assessments include Indonesian labor laws, the RSPO Principles and Criteria (2018), POIG's Charter (2019), relevant Verité Best Practice Standards and other international norms on worker protection. Since the labour aspects of the RSPO P&C 2018 was deemed by the VSEA assessment team to be comprehensive in terms of scope and coverage, this was used as the main reference. POIG and other standards are cited in reference to findings and observations that are not encompassed specifically by the P&C, such as on ethical recruitment standards, freedom of association, HRDD management systems elements, worker awareness requirements and others.

The assessments form the first phase of an ongoing program Musim Mas signed with VSEA, aimed at strengthening Musim Mas's overall social compliance and HRDD systems for its subsidiaries/owned operations and extended suppliers. The following objectives guided the first phase of this program:

- To determine good practices, system gaps, and areas for improvement of the four mills and their supply base, against the labor aspects of the RSPO P&C, POIG's Charter, and relevant Verité Best Practice Standards and other international norms on worker protection;
- To recommend improvements to the Musim Mas social compliance program as applied in its own operations.

Other objectives included (a) understanding the head office (Medan) and the mills' oversight procedures and processes with regard to the labour practices of their subsidiaries and suppliers, and (b) reviewing and providing strategic input to guide Musim Mas's systems improvement plan, which will be undertaken in the second phase of the program.

The VSEA assessment team conducted a comprehensive review of the selected units' systems, policies, procedures, and practices, against the various labor standards abovementioned. Apart from workplace conditions, the assessments also covered cross-cutting standards and practices related to management systems and ethics (see: RSPO P&C 1 -3). VSEA reviewed how policies and procedures were communicated by the head office to the different units, and how these were implemented at the local sites. An analysis of whether current policies, procedures, and practices were effective in addressing social compliance risks was likewise done, and recommendations for effectiveness measures made.

Due to travel restrictions and the public health situation, the assessments were done remotely – primarily through the Zoom platform and, where the power/connection was insufficient, through mobile phones. During the assessment proper, pertinent facility and estate documents (written policies and procedures, collective bargaining agreements, employee files, payroll and working hours records, discipline and grievance records, among others) were reviewed through live screen-sharing as well as through secure file-sharing platforms. Interviews with key management personnel (such as

those responsible for sustainability and compliance, recruitment, human resources, general management, and EHS functions) were conducted at both the head office and the subsidiary levels. In-depth, on-on-one interviews were conducted with workers who were randomly selected to represent a cross-section of the workforce from each of the units assessed.

A total of 276 respondents were interviewed, of which number 228 (82.6%) were production-level/rank-and-file workers and the rest (17.3%) were representatives from various management units. Female respondents comprised 30% of the total sample population engaged in interviews.

Table 1: Break down of interview respondents according to position in the organization.

	Workers/Stakeholders	Management
PT MPG	44	7
PT BSS	62	18
PT GAP	71	12
PT AGRO	51	11
Total	228	48

Table 2 Number of female respondents included in the sample

	Female Respondents
PT MPG	19
PT BSS	20
PT GAP	20
PT AGRO	22
Total	80

The assessment activities entailed four (4) days for each unit assessed. At the end of each assessment, a closing meeting and a presentation of key findings was conducted with the management. These meetings were attended by management personnel from the head office as well as the unit being assessed. In general, the VSEA assessment team observed that most respondents interviewed were comfortable and candid. Isolated incidents of disruption were observed and reports of other onsite factors resulting to a few respondents' being more cautious and reserved during the interviews were received by the assessment teams and discussed with the Musim Mas head office accordingly.

Individual outcome reports for each unit assessed (See Annexes), and an assessment report focused on management systems and ethics, were produced and submitted to Musim Mas at the end of the assessment period. Musim Mas has provided management response and corrective action plans, pertinent portions of which are incorporated into this comprehensive report.

This comprehensive report presents a summary and consolidated findings, recommendations, and management response relevant to the assessment of the four mills and their supply base against the various labor, ethics, and management systems standards applied by the VSEA assessment team.

The next section enumerates best practices, key areas for improvement, and key recommendations culled from the individual reports.

A. Good Labour Practices and Management Systems Elements

Overall Management Systems, Ethics, and Legal Compliance

- There is a functional management system in place, and the roles and accountabilities are well-defined at the levels of the head office and counterpart roles and functions are identified at the level of subsidiary mills and plantations.
- There is a high level of standardization of key policies and standard operating procedures (SOPs) across the subsidiaries.
- There are some internal risk assessment and monitoring mechanisms in place to ensure consistent implementation of standards across the subsidiaries.
- Legal compliance, respect for human rights, and commitment to ethical conduct in all business operations and transactions are embedded into the policies, commitments, and practices across the different units assessed.
- There is a high level of transparency, public disclosure of risks detected and mechanisms in place to sustain compliance with relevant standards of legal and ethical conduct.

Recruitment, selection, and employment practices

- In general, the recruitment, selection, and hiring policies and procedures across the different units assessed conform to legal standards and incorporate additional controls to prevent forced labor, debt bondage, and discrimination.
- There are no recruitment/ labor agents or vendors involved.
- There are no fees collected from workers, and some units cover transportation and pertinent recruitment costs.

At the time of assessment, a company policy to cover recruitment-related cost of workers' transportation was in place, however, the level of awareness on the scope and implementation procedures varied across the units.

Original identification and travel documents are not retained.

- Terms and conditions of employment are clear and put in writing.
- As a general practice, workers performing core work are regular, permanent workers.
- The three (3) months' probationary period for new hires is observed.
- All workers assigned to the mill and almost all workers in the estates have permanent, regular employment status with full legal benefits.

Wages and benefits, and living conditions

- Living wage elements are in place, and all the units are on track to meet Decent Living Wage (DLW) requirements.
- A market survey for all the units have been previously conducted to ensure they meet Decent Living Wage requirements, however, the level of understanding and awareness of the DLW standard among key personnel is inconsistent across the different units.
- Housing accommodations and access to food (garden) are provided.
- Wage adjustments are made to address inflation.
- Food allowance for employee, family/children is incorporated into the compensation package.
- Payment practices meet legal requirements and consider workers' needs/convenience.
 - Salaries are transferred to workers' bank accounts directly and full mandatory benefits are given.
 - Making two salary payments per month is practiced to help workers manage their finances better.

Women workers and child protection

- Almost all women workers interviewed expressed a high level of satisfaction with working conditions, and involvement in key company activities.
- No indications of gender-based harassment and discrimination, and no reports pertaining to such were received by the team.
- Pregnancy testing is not a requirement for hiring or renewal of contract, and full maternity benefits are provided.
- Breast-feeding stations/tents for women/mothers are formally set up.
- Childcare facilities – accommodating as much as 67 children, even up to 9 years' old – are provided.
- A well-represented Gender Committee is in place in all units.
- In two of the four units assessed, the GCs were particularly functional and proactive, and took initiatives to link with government and CSOs for training and support.
- In all units, transportation for children in junior high school is provided; and scholarships/support for children of employees offered.

General working conditions, freedom of association, and grievance

- High satisfaction level among workers was observed.
- Good working relationships were reported by workers and management respondents interviewed.
- There were no indications of excessive working hours in most units.
- There were no indications of harassment, abuse, discriminatory, or any inhumane practices detected, and no reports of such received.
- In all units, a union and CBA are in place and there are no overt restrictions to freedom of association or inappropriate management intervention; however the level of awareness and participation of union members, and the level engagement of the union officers with their members, varied across the four units.
- Grievance and feedback systems are well-established in all units.
- Discipline and termination procedures are consistent with legal requirements.

B. Key Areas for Improvement

Overall Management Systems, Ethics, and Legal Compliance

- Although policies and related materials are standardized at the level of the head office, and communicated to the different units, there was an uneven level of awareness and understanding among management representatives of the company's policies within the subsidiaries.
- Human rights, social compliance KPIs are not incorporated into some of the key positions in the subsidiary units, such as the Human Resources and the Gender Committee; the compliance and sustainability-related roles tended to be concentrated in a few positions (HUMAS, Safety, Managerial positions).
- Some SOPs were not sufficiently customized to the specific setup and circumstances of the subsidiary level, and some practices at the different worksites were not captured in written procedures (e.g., work on Sundays, providing family home benefits to single parents and refunding recruitment costs were applied by some but not others).
- Training and socialization of social responsibility-related standards have not been augmented with refresher courses or supported with clear KPIs appropriate to the position/category (e.g., supervisor and mandor, production, security, HR, workers, etc.)
- Worker feedback and stakeholder input are not systematically considered in decision-making and systems improvement efforts.

Discrimination

- In some units, female workers whose spouses are employed in the same company are not entitled to their own allowances and incentives as company employees (apart from being spouse or family member)
- The Gender Committees in two of the units are not yet optimized, and only play minimal role in raising awareness, or addressing gender-relevant issues.

Pay and Working Conditions

- Key information such as number of days worked and rate per day, number of overtime hours worked and the rate per hour, are not reflected in pay slips, which some workers attribute to as the cause of difficulty in verifying accuracy of salary computation
- In most units where the kontanan system is in place, legal limits to working hours and the requirement to pay legal overtime rates are circumvented. While the approach provides additional income to workers who voluntarily take on the extra work, legal overtime rates for work beyond the regular are not guaranteed.
- In some units, workers in specific types of jobs (e.g., daycare staff or loaders) the overtime are paid under a premi system which sometimes provides workers higher pay, however, the existing monitoring process for workers under the premi system does not clearly indicate that all hours worked beyond 8 hours are paid the legal overtime premium rate.
- In some mills and estates assessed, the mandatory meeting time, including the morning briefing, is not considered paid working time.
- While Musim Mas, overall, is on track to meet the Decent Living Wage standard in terms of wage components and benefits provided, not all units have taken measures to formally conduct evaluation of market prices and food availability, and access to adequate, sufficient,

and affordable food. There was also a markedly lower level of awareness of the living wage requirements in two of the four units assessed.

Freedom of Association and Grievance

- The established grievance mechanisms and feedback procedures in some units do not guarantee anonymity and protection against reprisal.
- A low level of awareness of some of the grievance channels was noted among workers for whom the main channel was to report to supervisor.
- The level of awareness of and participation in union activities is uneven across the four units.
- There are no specific procedures and training given to designated staff for handling sensitive cases and reports of harassment and abuse; and no systematic review done on the most appropriate procedures to receive, process, and resolve/remediate complaints of severe or special cases, e.g., sexual harassment, physical abuse, or violence.

Child Labor, Child Protection

- There are some procedures to guide the units in case children are found on the work site, but it is not clear if the subsequent physical and mental examination would be done in the presence of their parent/s or legal guardian/s and by duly licensed psychologists in case of mental examination.

Harassment and Abuse

- While there are specific grievance procedures to address sexual harassment, abuse or violence, there is no established process to anonymously report any incident of such nature to the gender committee

Forced and Trafficked Labor

- Some workers in the mills who are required to undergo mandatory training for certification face risks of unreasonable restrictions to freedom of movement and freedom to resign without penalty. It is unclear to workers whether they can decline training without facing penalty, demotion, or some type of sanction.
- A provision (Section 3) of the work contract, i.e., on the *unilateral transfer of workers*, poses risks of unfree or deceptive recruitment, especially if workers who are transferred to another work area are provided less favorable wage and benefits, and employment arrangement.
- There are a few missing information on working hours and break times in the work contract, and while these are addressed in the CBA, not all workers have a copy of the CBA, and they are made aware of the CBA contents only after contract-signing.
- In some units assessed, recruitment fees/cost reimbursement is not provided to all workers who migrated from other islands/regions; there are no clear, written procedures and guidelines for the implementation of this policy at the facility level. Some management interviewed were unaware of the Company Memo number 026-OPRS/II/2017 about Worker Transportation of Job Applicants.

Worker awareness of labour standards and employment terms and conditions

- There is limited training on non-discrimination and other labour standards, and workers interviewed generally demonstrated low awareness of the policy. This was more pronounced among estate workers, many of whom reported to never being provided training on labour

standards beyond the initial orientation, and that socialization activities are mostly on health and safety

C. Key Recommendations

- Incorporate a periodic review of the current system to communicate, monitor and evaluate, the implementation of the human rights/ethics policies and overall practices at the subsidiary level / supplier level
- Incorporate an effectiveness review process to properly monitor whether or not the policies and procedures are well-understood and the desired results are being met
- Conduct a broad assessment of the current practices at the subsidiary level to identify sources of risks and potential issues
- Identify priority risks and use results of risk assessment/risk prioritization as input for systems improvement planning
- Ensure that compliance with legal and industry standards is embedded in all roles and functions (e.g., HR, Production, Procurement and Sourcing, Security, etc.) and is supported by clear targets and KPIs,.
- Provide the appropriate capacity building support where gaps and training needs are detected
- Proactively incorporate worker feedback and stakeholder input in decision-making and systems improvement efforts

Discrimination

- Guarantee that workers whose spouses are employed in the same company are entitled to their own allowances and incentives as company employees (apart from being spouse or family member)
- Ensure that the housing policy being implemented across the different operations make the accommodations/housing benefits available to all workers regardless of gender or marital status.
- Optimize the Gender Committee in all the different units– empower it as a change agent; enable it to conduct consultation to assess needs of new mothers; formalize what is practiced in some units into a policy respecting reproductive rights .

Pay and Working Conditions

- Key pay slip information, such as number of days worked and rate per day, number of overtime hours worked and the rate per hour, and *premi*, should be provided to enable workers to verify accuracy of salary computation
- Guarantee that workers in specific types of jobs, like in daycare staff or loaders, are paid legal minimum wage for 8 hours of work, and the overtime premium rate for work beyond the regular.
- Ensure that mandatory meeting time, including the morning briefing, is counted as part of paid working hours.
- Pay overtime premium for all hours worked beyond regular. The kontanan system is a way to circumvent legal limits to working hours and the requirement to pay legal overtime rates. While it provides additional income to workers who are willing to work more, there should be evidence to show that the kontanan paid is similar or higher to what they would have

earned if they were paid overtime rates instead. Mill workers with regular day (Monday – Saturday) schedule who work on Sunday should be paid with holiday overtime rates.

- Formally evaluate and ensure workers' access to adequate, sufficient, and affordable food

Freedom of Association and Grievance

- Ensure that CBA provisions are aligned with 6.5.4 and other standards on the requirement to provide a grievance mechanism that respects anonymity and protection against reprisal.
- Review the effectiveness of the grievance mechanism by consulting workers on which method they would feel most comfortable using.

Child Labor, Child Protection

- Revise the anti-child labor policy to include remediation plan in case an under-aged worker is hired accidentally, and explicitly include presence of a parent or legal guardian if children are subjected to any kind of medical examination. Only duly licensed psychologists should conduct mental examination on children.

Harassment and Abuse

- Consult with external experts on the most appropriate procedure to receive and resolve complaints of sexual harassment, abuse, or violence.
- Develop specific procedures and staff capacity building for handling sensitive cases and reports of harassment and abuse; ensure that responders are well-trained, and appropriate protections are afforded to the complainant; an impartial and confidential process of investigation and appeal is in place; and remediation is provided and corrective actions are taken to address root causes and prevent recurrence of harassment and abuse

Forced and Trafficked Labor

- Ensure that workers who are required to undergo mandatory training for certification have ability to leave the job without penalty; or that workers who decline training are not penalized, demoted, and do not face disciplinary sanctions.
- Revise Section 3 of the work contract, i.e., on the *unilateral transfer of workers*, to address the risk of unfree or deceptive recruitment. Ensure that workers who are transferred to another work area, with potentially different wage structure and benefits, are oriented on the new employment terms and conditions before signing either a new work contract or an amendment to the work contract.
- Ensure that workers being moved from one workplace to another consent to the transfer, and have the ability to refuse for valid reasons without penalty
- Develop clear procedures for implementation of the recruitment reimbursement policy; communicate policy and guidelines to all levels of management staff, workers, contractors.
- Revise the work contract so that it contains the missing information on working hours and break times. Reference to CBA is not enough especially since workers sign the contract before they become members of the union. If most of the human resource policies are in the CBA, consider giving each worker a copy of the CBA.

Others: Communication, Worker-awareness, Training

- For effective policy Implementation, train site-level staff to apply policies and procedures to own operations and to address risks unique to the site.
- Review training methodology, and consider using interactive and visual materials to address learning needs of some workers with limited level of literacy.

II. Assessment Findings and Observations

A. Ethics, Legal Compliance, and Management Systems to Ensure Continuous Improvement

Ethics

There is compliance in terms of policies, written commitments, and public statements on ethical conduct in all business operations and transactions.

- The policy clearly states which activities, business processes and transactions are encompassed, and what actions are prohibited.
- There is a clear commitment statement to transparency, fair business practice, and prohibition of corruption

There is a functional system through which the Head Office communicates, monitors, and ensures the proper implementation of ethics standards at the subsidiary level.

- Key group-level policies are communicated to all subsidiaries.
- Subsidiaries are consulted on the drafting of SOPs, and are expected to implement the policy accordingly
- At the subsidiary level, most policies are included in the training provided to all newly-hired workers
- Based on interviews with management and workers, there is a general understanding of what ethical conduct entails

The following areas for improvement were noted:

- There is an uneven level of awareness and understanding among management representative of the company's ethics policies across the four subsidiaries.
- Workers had a general sense of right or wrong, though not necessarily originating from the policies and training provided to them; most workers interviewed in the four subsidiaries reported that there was limited training on this and related topics
- A review of the training and communication processes and programs indicates that a long list of topics is communicated to workers upon their intake in a matter of a few hours to half-a day
- While some of the requirements and expectations from workers are embedded in the Collective Bargaining Agreement (CBA) document, workers did not have their own copy of the CBA; moreover, many workers interviewed reported not being aware of the contents of the CBA, and not remembering the details of the training
- VSEA noted that there are no refresher training or reinforcement of the initial training and communication provided to workers
- In subsidiary mills which are sourcing solely from own and controlled plantation/estates, there is lower risk of this standard being violated; however, in mills sourcing FFB from

other third-party units, the existing mechanisms to ensure ethical conduct in all transactions may be insufficient

Recommendations:

1. **Reinforce communication and training of policy to workers and staff.** A well-trained and empowered workforce is necessary to ensure that ethics standards are applied and implemented properly by all. Workers and staff can be a key source of information on ground-level practices that could be sources of risks of unethical conduct, and can also validate the effectiveness of the actual implementation of the policy.
2. **Reinforce communication and training of policy to all external contractors, service providers, vendors, and FFB suppliers, where these exist in the supply chain and operations.** While currently majority of the mills and plantations assessed were sourcing only from owned/internal suppliers, it is important to incorporate strong due diligence, communication, and capacity building components into the sourcing process, in anticipation of the inclusion of potential suppliers.

Company Response and Action Plan:

1. Review and improve training system and mechanism, as follows:
 - Identify the root causes and formulate solutions
 - Prepare a trial plan for the implementation of the revised training and socialization mechanism that has been formulated previously
 - Conduct the trial in the selected units
 - Evaluate the trial results and carry out implementation across the group
2. Conduct training and socialization to supplier farmers through the ISH program

Legal Compliance

Partial compliance: Systems are in place to ensure that there is compliance with all applicable legal regulations, though some gaps were noted in terms of enforcement/implementation, posing risks of legal violation

- In at least two of the subsidiaries, the practice of Kontanan, or workers doing “extra” work on their days off at normal rates contravene laws on payment of overtime rate for all work perform outside of normal work hours
- Laws pertaining to supply chain due diligence, forced labor, child labor, etc. of the destination countries of finished products (e.g., US, EU, others) are not fully considered in the existing legal registry (system for updating relevant laws)

Recommendations:

1. **Conduct a comprehensive risk-assessment of all recruitment, selection, hiring, and labor-management practices, against legal requirements, and ensure that all subsidiaries are conforming to all applicable laws.**
 - a. Provide subsidiaries capacity building support to address business/operational needs that may be driving risks of legal nonconformance
 - b. Ensure that all management and workers understand the legal requirements and legal protections applicable to them

2. **Augment the existing registry to cover pertinent regulations in the countries where products are ultimately destined for (e.g. mandatory Human Rights Due Diligence requirements, Modern Slavery Act, and others).**

Company Response and Action Plan:

1. Conduct several steps of risk assessment as follows:
 - Re-analyze the risk-assessment pertaining legal compliance on labor standards.
 - Upon approval from the management level, the risk-assessment has to be re-socialized to plantation and mill units.
 - Continue to conduct internal audits on compliance with sustainability standards.
2. Benchmark the mentioned standards and overlay them with company's implementation plans. Come out with revisions (if required)

Continuous Improvement

There is a high level of standardization of key policies and standard operating procedures (SOPs) at the head office level and across the subsidiaries (for 3.3, 3.5, 3.6)

- All key processes and procedures that involve, or impact on, workers are documented and disseminated to all subsidiaries
- There is an established practice of aligning policies and procedures with relevant requirements

However, based on interviews with mill/plantation management, there were a few significant processes that were not currently documented or standardized across the different subsidiaries:

- Payment procedures for kontanan/extra work
- Criteria and conditions for the reimbursement of recruitment-related and transportation costs of workers coming from other regions/states
- Conditions for opting out of the training certification requirements, and for the work transfer within the same group of companies
- The grievance-related functions of the Gender Committee

For further analysis: Internal monitoring mechanisms.

- Within the subsidiaries, external/third- or second-party assessments are used as means to monitor consistent implementation of procedures; but there were no other reported or documented internal monitoring processes shared with the VSEA team
- Although there are communication and feedback mechanisms, there was no evidence that input from workers and relevant stakeholders were actively being sought and used to assess, monitor, and improve systems.
- Most workers were union members but the membership is nominal and rote, rather than dynamic and active, and none of the workers (who were regular union members) interviewed reported being consulted on the CBA
- It was also unclear to the assessment team what other internal mechanisms (aside from the assessments for which VSEA was contracted) are in place to proactively check consistent implementation of procedures from head office to subsidiaries

Documented training programs are in place and readily available for review, however, there is no effectiveness monitoring in place, and most workers (and some staff) interviewed exhibited low awareness of key social standards that Musim Mas subscribes to.

- As indicated in the individual reports, Interviewed workers generally showed low awareness of company policies and procedures even when these rules are discussed during morning briefings.
- Review of documents and interviews indicate that the training-orientation for new workers, which is the only session wherein a comprehensive discussion of the policies and procedures is conducted, consists mainly of verbal explanation of CBA contents.
- Although the sosialisasi activities are well documented (signed attendance and photo documentation) there is no process to gather feedback during these activities.
- In general, there is no system to review, measure, or monitor the effectiveness of sosialisasi/training and communication activities.

Recommendations:

- 1. Conduct periodic review of the current system by which human rights/ethics policies are communicated and implemented at the subsidiary level / supplier level.**
 - Incorporate an effectiveness review process to properly monitor whether or not the policies and procedures are well-understood and the desired results are being met.
- 2. Address the workers' low awareness of key labor policies by reviewing and revising existing training programs.**
- 3. Develop and implement trainings for workers and all levels of management that are focused on non-discrimination, freedom of association and collective bargaining, grievance, wages and working hours, anti-child labor, anti-forced labor.**
 - Training on anti-forced labor must include discussions about the risk of forced labor in the areas of recruitment, employment contracts, overtime work, and transfers or reassignments.
 - Training programs must be provided during the worker's orientation / induction as well as at regular intervals throughout employment (refresher trainings).
 - Training programs must be regularly reviewed and monitored for continuous improvement.
- 4. Review training methodology, and consider using interactive and visual materials to address learning needs of some workers with limited level of literacy.**
- 5. Augment existing feedback and communication channels to proactively encourage workers' input, participation, and response to company policies and initiatives; and incorporate a process to continuously track the effectiveness of the company's communication system.**
- 6. For effective policy Implementation, augment training of site-level staff to effectively apply policies and procedures to own operations and to address risks unique to the site.**

Company Response and Action Plan:

1. Develop a strategy to improve Human Rights Due Diligence, including strengthening the KPIs of relevant operational department to ensure the compliance with legal requirements and Human Rights Standards. This strategy to be reviewed by an external third party after fully implemented.
2. Review and improve training system and mechanism, as follows:

- Identify the root causes and formulate solutions
- Prepare a trial plan for the implementation of the revised training and socialization mechanism that have been formulated previously
- Conduct the trial in the selected units
- Evaluate the trial results and carry out implementation across the group

B. Workers' Rights and Working Conditions

Discrimination

Policies, procedures, and various management systems controls are in place to prevent and address discrimination. There were no reports of overt discriminatory practices, or any adverse gender-based practices, however, some gaps and areas for improvement were noted:

- Across the four units, non-discrimination policies are not readily available to workers.
- In three of four units, evaluation criteria are highly dependent on the personal assessment of the evaluators, and included subjective elements such as cooperation, how the worker behaves towards supervisors, honesty, loyalty and communication skills.
- In some units, female workers whose spouses are employed in the same company are not entitled to their own allowances and incentives as company employees (apart from being spouse or family member)
- The Gender Committees in some of the units are not yet optimized, and only play minimal role in raising awareness, or addressing gender-relevant issues.
- Auditors noted that there is low awareness among estate workers of the work of the gender committee. Interviews and documents review also indicate that, beyond a few meetings, the Committee has not yet optimized its mandate to focus on raising awareness of women workers regarding their reproductive rights, sexual harassment and violence and issues particular to women workers, like having a program to monitor health of women workers handling chemicals, as confirmed by the interviewed representative.
- There is also no process in place to monitor the impact of Gender Committee programs. Further, according to the respondents interviewed, the pandemic has delayed the implementation of their plan.
- VSEA also noted that there are very few women workers in the mill, and there was no clear evidence that management actively tried to recruit women for jobs in the mill.
- While the committee is active and women's participations is acknowledged, across the different units, VSEA noted that the Committee has limited role in risk assessment, proactive identification of gender-related issues, and decision-making processes that impact on women. Moreover, it was noted that the HIRA process conducted by safety committee does not involve the gender committee
- In terms of recruitment practices, recruitment fees/cost reimbursement is not provided to all workers who migrated from other islands/regions; there are no clear procedures and guidelines for the implementation of this policy. (*See: Forced Labour and Trafficking*)

Company Response:

- The company has a set of policies including a Non-Discrimination Policy. The company also provides annual training and socialization program to increase the awareness of the policies and

procedures. However, based on the audit result, the company fully agrees to revisit the program and assess the effectiveness of the training and socialization.

- The company has an objective guideline for assessing the performance of the employees through the KPI of each respective work scope. In respect to the KPI, the company applies a performance evaluation form filled in by two independent evaluators (Evaluators I and II) with guidance to eliminate elements of subjectivity where the outcome of the evaluation is made known and agreed upon by both workers and evaluators.
- Food subsidy is given to both workers with unemployed spouses with a monthly total of 24 kg rice (15 + 9) and workers with employed spouse will receive a total of 30 kg rice (15 + 15). These subsidies are provided to improve workers' access to adequate, sufficient, and affordable food and is applicable in all units.
- The description, role and responsibilities of the Gender Committee have been defined in the SOP. The committee programs include raising awareness, identifying and addressing issues of sexual harassment and abuse, chemical safety, women reproductive rights etc. The gender committee meeting is regularly conducted to set work plans and activities.
- Medical check-ups for female workers who handle chemicals is included in the work program of the OSH committee, which is monitored by company management and the OSH officer, so it is not limited to the Gender Committee program. HIRA (Hazard Identification and Risk Analysis) was developed by a licensed safety officer, who is also a gender committee member, so the development of HIRA has involved gender committee.
- During the pandemic situation in 2020, following governments' instructions on physical distancing, some activities and programs were affected and have to be implemented later than planned. These have been documented and activities will be resumed based on the initial program and work plan. The work program of the Gender Committee includes planned activities to identify new mothers on a yearly basis. Since the work program is usually scheduled for December, at the time of the VSEA audit, the 2021 document was not yet available. The latest new mother identification activity was carried out in December 2020.
- The company objectively places workers according to the workers' qualifications. Job vacancies are opened without specifying gender.
- Company memo 026-OPRS/II/2017 regarding the Transportation Costs for Prospective Workers, has specified that when workers come to the Company's location by themselves to apply for jobs, transportation cost can be claimed by attaching proof of transportation receipts from the prospective worker.

Company Response and Action Plan:

- The company will revisit the training methodology (i.e. interactive training) and the topics covered to assure workers' compliance.
- Re-socialize the performance evaluation tool to the workers and re-train the evaluator on the performance evaluation tool
- Improve communication to inform all workers that they are entitled to food subsidy.
- Review the Gender Committee SOP and gender committee program with reference to the RSPO Gender Guidance, March 2021. Emphasize the responsibilities of the committee members and encourage them to develop programs in accordance with their mandate.
- Provide clearer meeting minutes on the work and program of Gender Committee to document the involvement of the woman worker, who is a gender committee member,

during the development of HIRA to ensure that the potential hazards of women workers are specifically identified and address the management to mitigate the risk accordingly.

- Monitor the implementation of the gender committee program so that it is carried out according to schedule.
- Ensure that affected workers are made aware of the travel reimbursement opportunities.

Pay and Working Conditions:

Note: Apart from the RSPO P&C, indicators from POIG and Verité Best Practice Standards are also referenced in this section, specifically:

POIG 2.5.1 Permanent, full-time employment is used for all core work performed by the company. Casual, temporary and day labour is limited to jobs that are genuinely temporary or seasonal, and account for no more than 20% of the workforce

POIG 2.5.2 A living wage assessment for all workers, whether employed directly by the company or indirectly by a private employment agency, is conducted based on a credible methodology

POIG 2.5.8: Records are maintained and demonstrate that hours of work do not exceed the maximum allowed by local law, regulation or collective agreement or 48 hours (per 2.5.5 above), whichever is lower

Verité Standard: In the absence of legal overtime limits, workers do not regularly work more than 60 hours total per week.

Pay practices and general working conditions are in accordance with law, and the different units assessed provide workers additional benefits and incentives beyond legal minimum. However, a couple of gaps and areas of concern were noted across the different units:

- A provision in the CBA regarding non-submission of notice for resignation resulting to waiver of separation pay, has no clear basis in law and could result to workers not receiving legal wages and entitlements.
- Excessive working hours were found in certain type of jobs in the estate, with no evidence that these were compensated based on legal rates.
- Extra hours spent on mandatory morning briefing are not calculated as working hours.
- Some extra work hours performed on Sundays and holidays (kontanan) are not entered in official recording systems, for which estate workers reported being paid in cash. There is no evidence that the kontanan meets the legal overtime premium rate.
- Some provisions to the housing conditions are not documented, though practiced; and housing benefits are not extended to women workers unless they are classified as 'head of the family' or upon recommendation of union
- While the policy states that all workers will receive rice/food subsidy, some women workers whose spouses are employed in the same company do not receive their own food subsidy, and it is only their husband who receives the family subsidy
- (See: *Discrimination*).

Other risks noted:

- The insufficiency of the special labour policy for temporary/ seasonal workers; the memo does not contain information about working terms and conditions.

- There are some key information on payments and working conditions that should be included in the employment contracts, pay slips, and related documents do not contain essential details.
 - Working hours of some job categories are not accurately recorded.
 - Workers are only informed of the contents of the CBA after contract-signing, and not all workers are provided copy of CBA, which is the main/source document for information of the job terms and conditions
- There is no formal program to evaluate adequacy, sufficiency, and affordability of food, except providing access to nearby markets.
- In some units, the management representatives interviewed seemed to have low awareness about the implementation of the RSPO decent living wage (DLW) guidance. At the mill, although the management representative stated and showed market price survey results, there was no procedure in place to ensure that required components for plantation works provided and data of market price was objectively surveyed (price range) (BSS)
- Deductions for cooperative membership are not clearly explained to workers. In one unit assessed, while management was able to show signed consent letters for the cooperative deduction of Rp 10,000 per month, interviewed workers demonstrated low awareness about coop membership and this particular deduction, beyond understanding that coop membership allows them to shop in the cooperative store on credit. Interviewed workers also do not know how they can access their savings or dividends
- Deductions for union membership, and key information about the Union and the CBA are not clearly explained to workers. Estate workers, in general, showed low awareness of the cooperative membership fee deduction.

Company Response:

- Termination of employment is based on the applicable laws and regulations, as has been reiterated in the CBA. The company compensates terminated workers according to those provisions.
- The company acknowledges the 7 hours working hour in accordance with the prevailing law. The company compensates the excessive hours by giving premi, which are equivalent to overtime pay. Both payment of wages and premi are recorded in the worker's pay slip
- Morning briefing is a meeting between the workers and field supervisors acting as a warming up session to uplift workers' morale, to emphasize the Occupational Safety and Health (OSH) requirements, and an opportunity to bring up any information and/or questions to their respective field supervisor. The briefing is conducted in the workers' housing vicinity before transport to the workplace. Morning briefing is not part of working hours, as agreed by both the company and the worker's union. It should be noted that field work is dependent on the achievement of workers' daily target, and thus, both punctuality and work timing are crucial factors to achieve this target.
- Kontanan work on holidays is based on the need on the field (usually during peak season), and it is voluntary (without any coercion from the company on workers). Kontanan work hours are recorded manually to be compiled in the system. The company strives to minimize working schedules on Sunday/Holidays. In the event where working on Sunday is unavoidable, the company has to ensure that worker manual attendance is properly recorded by improving the supervision.

- As described in the CBA and Memo No. 030-OPRS/XII/2016, women need to provide legal proof as the “head of family” to obtain housing. It is also stated that women who are not the “head of family” can apply for special provisions to the company or through labor union representatives. This Policy and implementation were the outcome of the VSEA Assessment in 2016 and have been implemented accordingly.
- Food subsidy is given to both workers with unemployed spouses with a monthly total of 24 kg rice (15 + 9) and workers with employed spouse will receive a total of 30 kg rice (15 + 15). These subsidies are provided to improve workers’ access to adequate, sufficient, and affordable food and are applicable in all units.
- Memo No. SED/ ED/ III/ 2017 dated 6 March 2017 regarding the Prohibition to use helper/ kernet/ non-employee helper mentions that the employment of seasonal workers shall follow the relevant legal requirements, which includes the terms and condition to conduct the BHL (This policy was based on the action plan of VSEA Assessment in 2016). The company also enrolls temporary workers in the BPJS program in accordance with applicable laws and regulations
- Workers' contracts and pay slips are prepared based on the prevailing laws and regulations. The company has carried out the provision of pay slips information according to the details of the actual wages received by each worker. Workers can clarify unclear information contained in the contract and pay slips with the company or through the labor union. Socialization on the topics is also carried out regularly to workers to raise awareness
- Attendance at the workplace is recorded using automatic fingerprint system. Due to pandemic situation, following the health protocol the attendance was recorded manually to perform a contactless method. This manual record is verified by the worker and supervisor.
- The CBA is subject to renewal every two years and registered with the local Manpower office. The printing of CBA for each worker can take up considerable amount of time (up to four months) and materials (i.e. paper), thus, conflicting with our sustainability policy and principles. Furthermore, the company provides various channels for the workers to understand and access CBA. For instance, the CBA is socialized to all the workers through the Union and morning briefings. Additionally, a copy of the agreement is posted at the announcement board at each estate office and worker union office as well as provided to the field supervisor, estate office, Mill office and union office where workers are able to access freely. Copies of CBA will be made readily available for workers interested in obtaining a hardcopy.
- Workers can fulfill their needs for adequate, sufficient, and affordable food through several ways such as from traditional market, self-garden and workers’ cooperative. The company agrees to conduct formal evaluation about the workers’ access to such facilities.
- The company is committed to improve the competency of mill and estate management staff on DLW policy and implementation.
- Upon enrollment as the cooperative member, the company and cooperative officer explain about member’s code of conduct including type of deduction that will occur when workers join the cooperative. On that note, we agree that the information should be repeated regularly to ensure that workers remember of the purpose of cooperative deductions. As for the annual cashflow of the cooperative, this is recorded and presented by the respective cooperative officer during the annual cooperative member meeting

(RAT).

- Upon enrollment of the worker in the union, the company staff along with the union explain to the workers the member's code of conduct and deductions. These deductions are recorded and presented in the pay slip.

Company Action Plan:

- The company will re-socialize the termination procedure and its provisions to workers.
- Explain to the workers about operation hours and premi salary component, so they are aware the working hours and that premi are equivalent to overtime pay
- Notify workers that the morning briefing is not part of working hours. Workers are encouraged to attend the morning briefing in a timely manner. Late attendance will not be punished or penalized. This system will be reviewed after 3 months for further adaptations or if changes needed.
- If work on Sunday/holiday is unavoidable, attendance has to be signed by the worker, field supervisor, the salaries are paid in accordance with government regulations and meet the legal overtime rates.
- Ensure that the policy of housing facility is applied consistently. The company will also emphasize rules on the allocation of housing facilities to workers in the updated CBA and re-socialize the updated CBA to all staff and workers through effective means of communication.
- Improve communication to inform all workers that they are entitled to food subsidy.
- Incorporate the relevant terms and conditions into the Memo of BHL (temporary/seasonal) worker.
- Incorporate the contract templates to include the details of working hours. The company will also re-socialize information on the workers' contracts and pay slips to raise awareness on the matter
- Re-socialize the attendance system during pandemic to the supervisors and staff to ensure that that the workers have sufficient time to re-check the attendance record.
- Ensure that all workers understand the content of the CBA through initiatives such as increasing the copies of CBA posted in the announcement boards, regular socialization, digitalization of CBA copy, etc. Copies of CBA will be made readily available for workers interested in obtaining a hardcopy.
- The company will incorporate an assessment of food security for the upcoming SIA (Social Impact Assessment) Management Review.
- Improve understanding of DLW by Location Management through intensive training.
- Cooperatives and Operations Management will re-socialize the purpose of the deduction of cooperative contributions in the pay slip, and how they can access savings and/or dividends.
- Labor Union and Operations Management will re-explain the deductions in the pay slip. The company will also engage the labor union to conduct socialization of advantages of union membership.

Freedom of Association

Note: Apart from the RSPO P&C and POIG, indicators from Verité Best Practice Standards are also referenced in this section, specifically:

Verité Standard: The company does not interfere with the workers' right to freedom of association including the right to form and join unions, and bargain collectively.

Policies and procedures are in place to ensure that workers are able to exercise their right to freedom of association, to bargain collectively, and be represented in key decision-making

processes. There are independent workers' unions in place, and active CBAs being applied. No management interference was noted among the units assessed.

In practice, there are some inconsistencies noted across the different units that pose some risks of workers not being fully informed of the role, responsibilities, and dues related to union membership:

- Not all workers have a copy of the CBA
- Workers interviews indicated that workers who are non-officers of the union were not significantly involved in union activities. There is no union practice identified to monitor if their members have access to any union-related information, updates, and activities.

Company Response:

- The CBA is subject to renewal every two years and registered with the local Manpower office. The printing of CBA for each worker can take up considerable amount of time (up to four months) and materials (i.e. paper), thus, conflicting with our sustainability policy and principles. Furthermore, the company provides various channels for the workers to understand and access the CBA. For instance, the CBA is socialized to all the workers through the Union and morning briefings. Additionally, a copy of the agreement is posted at the announcement board at each estate office and worker union office as well as provided to the field supervisor, estate office, Mill office and union office where workers are able to access freely.
- The labor union is the representative of the workers, which has their own mechanisms to gather aspiration and feedback from the workers. The company does not prohibit workers from attending the union meetings. Besides labor union, the company has regularly gathered workers' aspirations through the LKS Bipartit meeting where the LKS Bipartit committee consists of both the representative of the company and workers.

Company Action Plan:

- Ensure that all workers understand the content of the CBA through initiatives such as increasing the copies of CBA posted in the announcement boards, regular socialization, digitalization of CBA copy, etc. Copies of CBA will be made readily available for workers interested in obtaining a hardcopy.
- Engage with the Union to re-socialize the mechanism and implementation to engage their members, including their role. The company also will ensure that labor union representatives are reminded of their obligations to consult with and involve their constituency.

Child Labour

Note: Apart from the RSPO P&C, indicators from POIG and Verité Best Practice Standards are also referenced in this section, specifically:

POIG 2.5.10 Young workers legally permitted to work but subject to compulsory education laws only work outside school hours.

POIG 2.5.11 The company maintains an up-to-date list of hazardous activities and functions in the workplace that are prohibited for young workers consistent with or exceeding national regulation, where applicable.

The company has the required policy and procedures to ensure that children are not employed or exploited, and there are no underaged workers based on the workers' list reviewed. In general, controls are in place to prevent and address child labour risks.

A few areas for improvement were noted:

- There are no documented remediation processes or guidelines to address or remediate inadvertent hiring of underaged workers
- There are some procedures to guide the units in case children are found on the work site, but it is not clear if the subsequent physical and mental examination would be done in the presence of their parent/s or legal guardian/s and by duly licensed psychologists in case of mental examination.

Company Response:

- The company has an anti-child labor Policy. In the Policy, remediation/recovery actions have been regulated in case of accidental acceptance of child labor under point 4. Under this provision, parents have been included in the process of remediation/ recovery actions
- Physical and mental health examinations are carried out by expert personnel, who have the qualifications to examine the psyche of the affected children

Company Action Plan:

- Re-socialize the Policy on the Prohibition of Child Employment to all relevant parties
- The company will review the training and socialization methods to ensure employees understand the anti-child labor policy and provisions

Harassment and Abuse

Written policies and procedures are in place to prevent and address harassment and abuse in the workplace. The different units assessed were clear of any ongoing harassment or abuse incidents. In all the unit assessed, there is a functional, well-established grievance mechanism in place, which includes multiple channels for reporting. Workers in general reported good working relations and ability to report any untoward incidents.

There were a few gaps and some specific areas for improvement noted:

- The policy on Protection of Human Reproduction and the CBA contains contradicting provisions on the procedures for availing the menstrual leave; and the policy is not clearly communicated to workers. In the CBA it states that women workers' rights to menstruation leave will be revoked if they are not providing medical and examination certificate issued by clinic. (*See: Discrimination*).
- There are specific grievance procedures to address sexual harassment, abuse or violence, but no established process to anonymously report any incident of such nature to the Gender Committee.
- While there is a fully articulated grievance procedure with multiple channels for anonymous reporting, the CBA states that workers should raise their grievance to their direct supervisors. Management likewise confirmed that grievances should be raised to workers' supervisors or management, or through Humas or the workers' union. While complaint boxes are available, they are placed in front of the estate office, around the housing areas and near the

warehouse—areas where other people can easily see anyone who approaches the complaint box

- Management (in most mills) reported that evaluation is conducted by supervisor, asst. of the division and manager; and that there is an SOP that details how review process should be done, and there are people who evaluate to make sure it is objective, and workers can make a report if the evaluation is not fair. However, most workers interviewed reported that grievance reporting is mainly through the supervisor, who is also part of the evaluation team.
- The grievance book and the suggestion remain empty, and it seemed that most complaints are resolved by the supervisors or Humas staff. It is not clear how these grievances and their resolution are fed back into the labour compliance management system.
- The grievance procedure to address sexual harassment, abuse or violence remains untested and therefore theoretical. There does not seem to be a way to anonymously report any incident of such nature to the Gender Committee.
- Mediation, as a form of resolving sexual harassment, abuse, or violence, is problematic since it will require the victim to face their harasser or abuser. If this is not handled by an experienced mediator, there is a high risk of revictimization.
- Interviewed workers said that they do not know anything about the anonymous grievance channel or the whistle-blower policy. They only know that they can speak to their supervisors if they have any concerns. Given that their supervisors are also the ones who evaluate their performance, workers might not raise grievance to avoid being perceived as a troublemaker.
- Field level managers receive grievance mainly through SMS or WhatsApp message, limiting access to workers who do not have the device used in this grievance channel.
- There are no specific procedures and training given to designated staff for handling sensitive cases and reports of harassment and abuse; and no systematic review done on the most appropriate procedures to receive, process, and resolve/remediate complaints of severe or special cases, e.g., sexual harassment, physical abuse, or violence. (

Company Response:

- In the provisions of Law 113/2013 on Manpower regarding menstrual leave in Article 81 paragraph (1) it is stated that female workers who feel pain during menstruation and notify the company are not obliged to work on the first and second day of menstruation. Furthermore, paragraph (2) of the article in question states that the implementation of this provision for menstrual leave/rest is further regulated in a collective work agreement. The law states that it is mandatory to make a notification where the procedure / mechanism for the form of notification is referring to paragraph (2) and it is mandated for the company to regulate further in the collective work agreement. The company, in this case, has implemented the provisions of the Manpower Law by clearly stipulating it in the CBA, which has been agreed by the Management and the labor union and has been registered with the local Manpower Office. The company does not prohibit women workers to use menstrual leave, however, the administrative process and system in place must be followed by all workers in a fair manner.
- With respect to anonymity of complainants or whistleblowers, it has been included in our procedure No. SOP/Plant.Div/5.4 regarding the “Gender Committee” and SOP/Plant.Div/6.1 regarding “Internal Grievance and Complaint”. The SOP clearly mentioned that “If requested by the complainant, the company is obliged to respect and

guarantee the anonymity of the reporter (ensure the confidentiality of his identity) and protect the reporter who submits a complaint". This aims to avoid conflict (risk of possible retaliation) against the affected parties. On that note, we agree that the capability of the related PIC needs to be improved.

- In practice, workers usually voice their aspirations or complaints through the labor union and/or LKS Bipartit.
- The company has various available channels for any parties to reach the company: SMS/Whatsapp is one the methods available. In addition, the company has suggestion box available that can be accessed freely by those who do not own devices. Alternatively, grievances can also be voiced through direct communication to the respective supervisor and/or through the labor union

Company Action Plan:

- Re-socialize the provision of menstrual leave to women workers.
- Together with the Labor Union, the company will carry out a review among the workers about their knowledge of and the effectiveness of the grievance system.
- Ensure that all grievances are entered in the grievance book and that their resolution is documented.
- Involving the Office of Women's and Children's Empowerment to review the procedure to accept and resolve any form of sexual harassment, abuse and violence.
- The capability and skills of related PIC handling grievances, or allegations of sexual harassment and abuse will be improved through the engagement and guidance from an experienced external party.
- Re-socialize grievance mechanism to the workers including the existing mechanism on the protection of anonymity in the SOP to ensure anonymous grievances are possible and that workers are aware of this opportunity
- Re-socialize the available channels for any parties to reach the company

Forced and Trafficked Labour

Note: Apart from the RSPO P&C, indicators from POIG and Verité Best Practice Standards are also referenced in this section, specifically:

POIG Indicator 2.5.12

- *No fees or costs are charged to workers, directly or indirectly, for recruitment or employment services by recruitment agencies, private employment agencies or the employer. When it is discovered that fees have been charged, workers are reimbursed the total amount paid.*

Verité Standard/Employer Pays Principle

- *Workers must not be required to pay any pre-employment fees or deposits.*

Clear policies and procedures are in place to prevent and address forced and trafficked labour risks. All workers interviewed confirmed that they were not coerced to work, and they understand the general terms and conditions of their employment.

The different units also have clear recruitment guidelines, and in at least one unit, refund for recruitment expenses is being applied.

A few areas for improvement and gaps were noted:

- In three of the four units, recruitment fees/cost reimbursement is not provided to all workers who migrated from other islands/regions; there are no clear procedures and guidelines for the implementation of this policy.
- Workers transferred to new work assignment are not provided updated contract, or contract addendum, that reflects new job terms and conditions. The practice of unilaterally transferring workers to another affiliated company poses risks of unfree or deceptive recruitment or trafficking, with threat of penalty.
- The practice of requiring a training bond creates a risk of restriction to freedom of workers to resign if they cannot afford to pay back the cost of the course.

Company Response:

- Company memo with number 026-OPRS/II/2017 regarding the Transportation Costs for Prospective Workers, specifies that when workers come to the Company's location by themselves to apply for job vacancies, transportation cost can be claimed by attaching proof of transportation receipts from the prospective worker.
- Every work transfer is documented with a transfer decree, which acts as updated administrative document in accordance with the prevailing laws and regulations. Prior to the transfer, workers are made aware of the upcoming job structure including wage structure and benefits.
- Prior to signing, workers are given the time to read and - if needed - clarify the clauses in the employment contract before agreeing to sign the contract. Once signed, the worker will get a copy of the contract to be kept by the worker.
- The companies are members of the Musim Mas Group (MMG) where work locations are spread throughout Indonesia. Transfers aim to develop the career and experience of the workers. Company workers can move to company affiliates within the scope of MMG according to company needs and required qualifications. This will be based on the consent of the workers and the possibility of transfers has been communicated to the workers prior to recruitment.
- After the issuance of the transfer letter any worker that not present at the destination location after the third notice, is considered to have resigned. The rejection of mutations, demotions, etc. do not necessarily lead to a termination. Workers can report and attempt to resolve it through internal complaint resolution, if they do not accept a job change, transfer, etc.
- Training program are an opportunity for career development for the workers. There are two types of training:
 - (1) Training for certification required to perform specific job related to work qualifications, based on the standards and laws as required in the regulation. On this matter, the company provides an equal opportunity for all workers, which is carried out with the basis of mutual benefits for both parties. Training bonds (perjanjian ikatan dinas) are a mutually formed agreement to ensure a conducive, fair, and responsible working condition, where the company is willing to accept workers without any training qualification with the condition that the respective workers are committed in applying the learned competency at the company. Subsequently, the training bond agreement is based on workers' consent.

- (2) Training related to competency improvement of the workers, to upgrade and enhance the knowledge and understanding of the workers to perform better in the company. Training bonds are not applied for this type of training.

Company Action Plan:

- Ensure that affected workers are made aware of the reimbursement opportunities.
- Revisit the transfer mechanism for rotational, demotion, promotion, and mutation to ensure each worker transfer has a clear decree (explain the reason of work transfer in the decree)
- Revise section 3 of the work contract.
- Re-socialize the transfer mechanism to the workers.
- Company provides time and consultation for workers to consider the transfer opportunity prior to the transfer process

Health and Safety

Although a comprehensive review of health and safety standards compliance was not part of the assessment, the following were observed:

- There are good training programs in place, in terms of health and safety standards. Most workers interviewed reported that daily briefings often cover topics related to workplace safety risks and hazards, and most workers had a high awareness of their company’s health and safety policies.
- There is a need improve HSE risk assessment by incorporating the estate context and HSE standard together with estate management to Include the estate activities in the HSE risk assessment, specifically regarding transportation for tools, harvesting process risks, maintenance works related to chemical, maintenance works related to animal/insect risks (picking ulat api), and risks to dangerous animal attacks (snakes, bees, or another identified local animal).
- There were isolated reports from workers pertaining to access to PPE and sanitation rooms:
 - A few reported that they were provided boots only at the beginning of employment, and had to buy/pay for the succeeding pairs of boots.
 - Some workers reported not being able to use the sanitation room after spraying.
- In one particular unit, management reported that N95 masks are used for days, usually 3-6 days per mask, a practice which is not in line with the World Health Organization (WHO) advisory not to reuse N95.
- Workers reported that medical test results are communicated verbally, and workers are not given their own copy of the test results.
- Workers interviewed reported that they are transported home in trucks along with work tools, and those who have their own motorcycles, bring their own tools with them, such as egrek or dodos. This is contrary to what the estate management claimed that all tools are transported separately from workers

- There is no guarantee that all workers who work with chemical exposure get extra food, they only get extra food monthly during medical check-up. But management claims that work premi is calculate as extra food.
- Some workers reported that they cannot access the clinic freely. Estate workers reported that they can only access the clinic if there is a letter of recommendation from supervisor. Mill night shift workers have no access to clinic services, though there are certified/qualified first-aid providers if clinic is closed
- Common injuries like thorn pricks, falling into sewers or egret or dodos falling and hitting harvesters are not necessarily recorded, perhaps because they do not translate to lost time. There has been no accident recorded in the mill in 2020 and 2021.

Company Response:

- HIRA is available for Estate own operations which covers activities in estate. This HIRA is a separate document from Mill operations.
- The company provides PPE to harvesters according to schedule. The latest handover of PPE was conducted in June 2021.
- A sanitation room for chemical spraying is available in each location.
- Guidance or user instruction of N95 mask by 3M, displayed on its box recommends changing the mask when it is dirty, damaged or if users experience difficulty to breathe. Following that recommendation, the company has provided the workers with sterilized plastic bags in order to maintain the N95 mask hygiene and prevent it from wearing off / damaged quickly.
- The MCU (Medical Check Up) results are communicated verbally by the competent personnel to the workers to avoid misinterpretation of the results. On that note, the MCU results can be made available upon request.
- The company carries out regular MCU, especially to the workers who are exposed to chemical work, in which this is based on the relevant Indonesian law. Additionally, and beyond the legal requirement, during MCU process the company also provides extra food to improve workers' nutrition. In addition to the extra food, company provides incentive through premi to the workers who are exposed to chemical work (this is not the substitute to the extra food).
- The company provides transportation services to take the workers and the tools to and from the workplace. In practice, the workers are separated from the work tools in a safe manner i.e. the workers are transported in separate vehicle from the tools, or if same vehicle is used, the tools are placed on the side or bottom part of the vehicle and the workers are seated in the passenger area. This practice is to ensure that the workers are transported safely and in a timely manner, so when they arrive in the workplace, they can immediately start the work without having to wait for the tools. Moreover, workers who have private transportation such as motorcycle often choose to drive themselves to the workplace to avoid the fix schedule of the company's mass transportation services, while the work tools will be transported by the company transportation service.
- All workers are free to access the clinic. A letter of recommendation is a procedural step to acknowledge the absence of workers during working hours. In case of emergency, workers and their families can immediately go to the clinic for treatment, and the letter can be submitted later. In the mill, the contact number of the medical officer has been

socialized and is posted on the notice board at the mill, so that all workers, both morning and night shift workers, can have access to the clinic and/or a medical officer.

- Minor injuries like thorn pricks, falling into sewers or egrek or dodos falling and hitting harvesters are recorded in the first aid kit notes.

Company Action Plan:

- Re-socialize on topics related to PPE and work equipment regularly.
- Ensure that all workers that receive PPE have confirmation receipt in writing.
- Re-socialization related to sanitation is carried out in accordance with the training program.
- Review the manual instruction and ensure sufficient lifespan of the mask when handling chemicals.
- Re-socialize to the workers regarding the MCU process and objective.
- Ensure all workers are eligible in accessing the company's transportation services.
- Re-socialization to workers regarding food provisions.
- Re-socialization to workers related to procedures for treatment at the clinic in accordance with the provisions set by the company. For mill facility, the company will also re-socialize workers about the access to clinic services and/or first-aid providers, especially for night shift workers
- Ensuring first aid kit usages are recorded properly.

Other observations: Worker awareness, worker-participation; stakeholder engagement

A common observation across the different units assessed pertained to the workers' level of awareness of the details of some key policies which have direct relevance to them. While workers had good awareness and knowledge of the main terms of their employment, there was markedly lower awareness of policies around discrimination, freedom of association and union membership, some elements of their wages and benefits, and of labour laws pertaining to working hours.

Company Action Plan:

Review and improve training and socialization mechanism, as follows:

- Identify the root causes and formulate solutions
- Prepare a trial plan for the implementation of the revised training and socialization mechanism that have been formulated previously
- Conduct the trial in the selected units
- Evaluate the trial results and carry out implementation across the group

Note: Apart from the main recommendations in the Executive Summary, recommendations pertaining to specific findings are included in the individual Outcome Reports provided to each unit assessed.